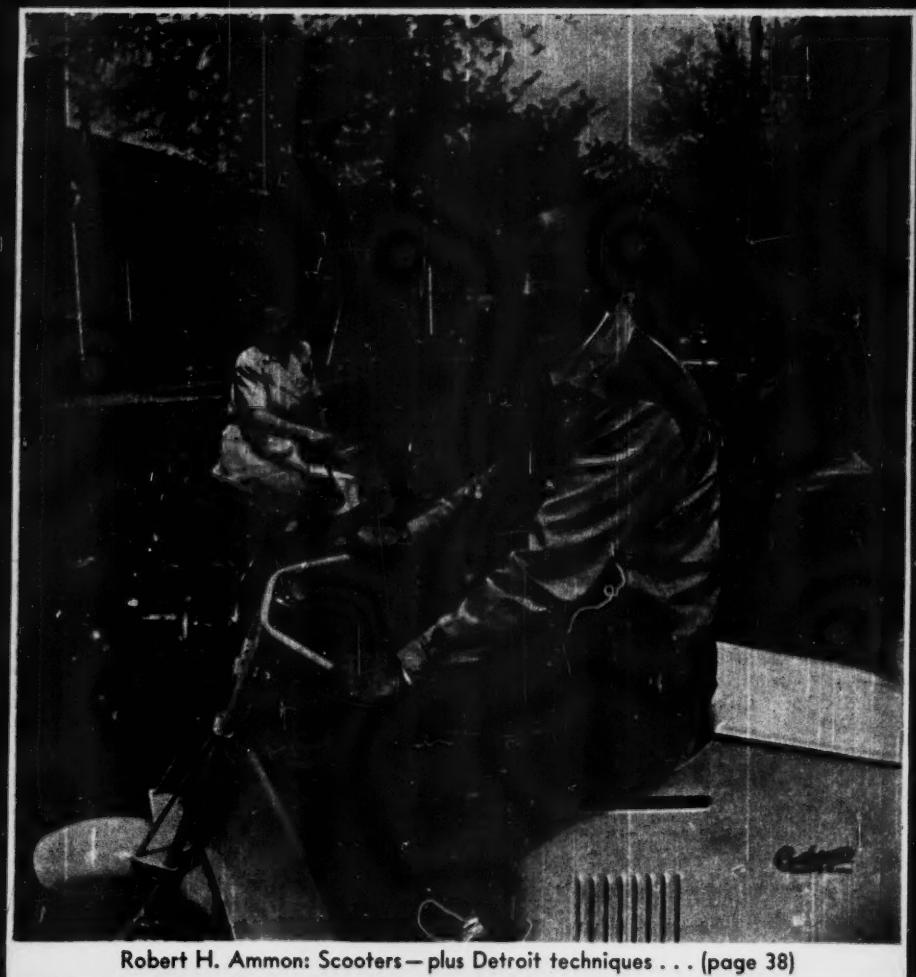


# BUSINESS WEEK

Controls:  
The New Law



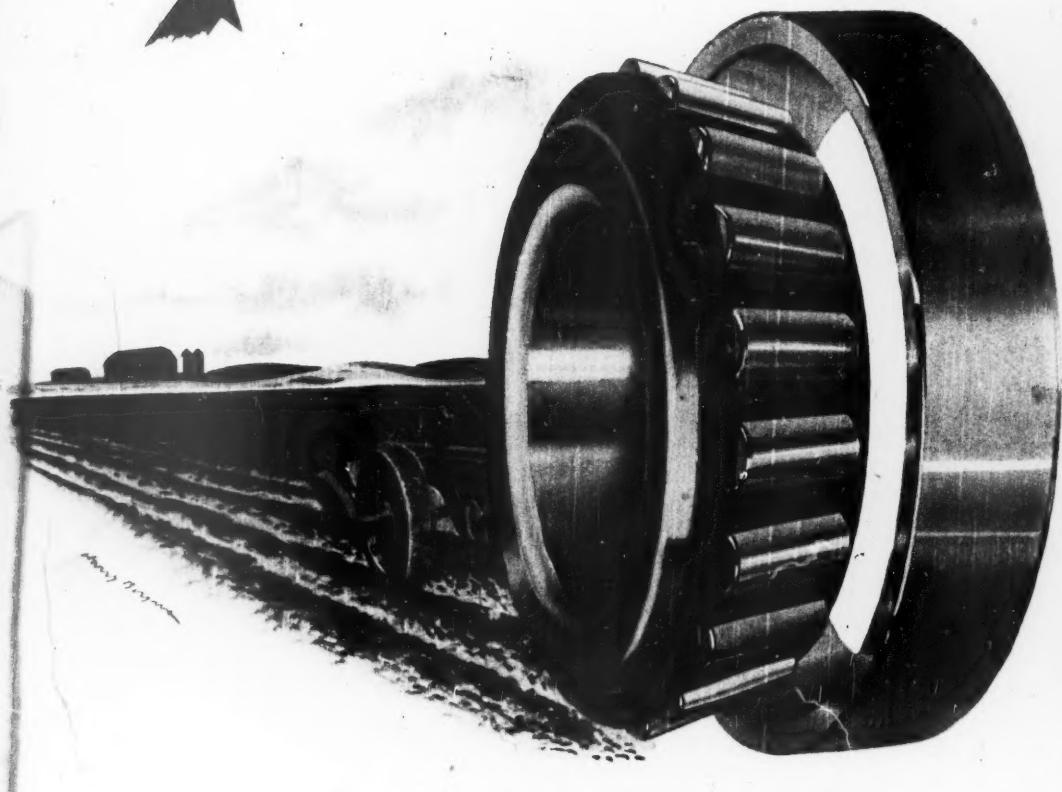
Robert H. Ammon: Scooters—plus Detroit techniques . . . (page 38)

A MCGRAW HILL PUBLICATION

AUG 19 1950

BOWER BEARINGS ARE

SPHER-O-HONED



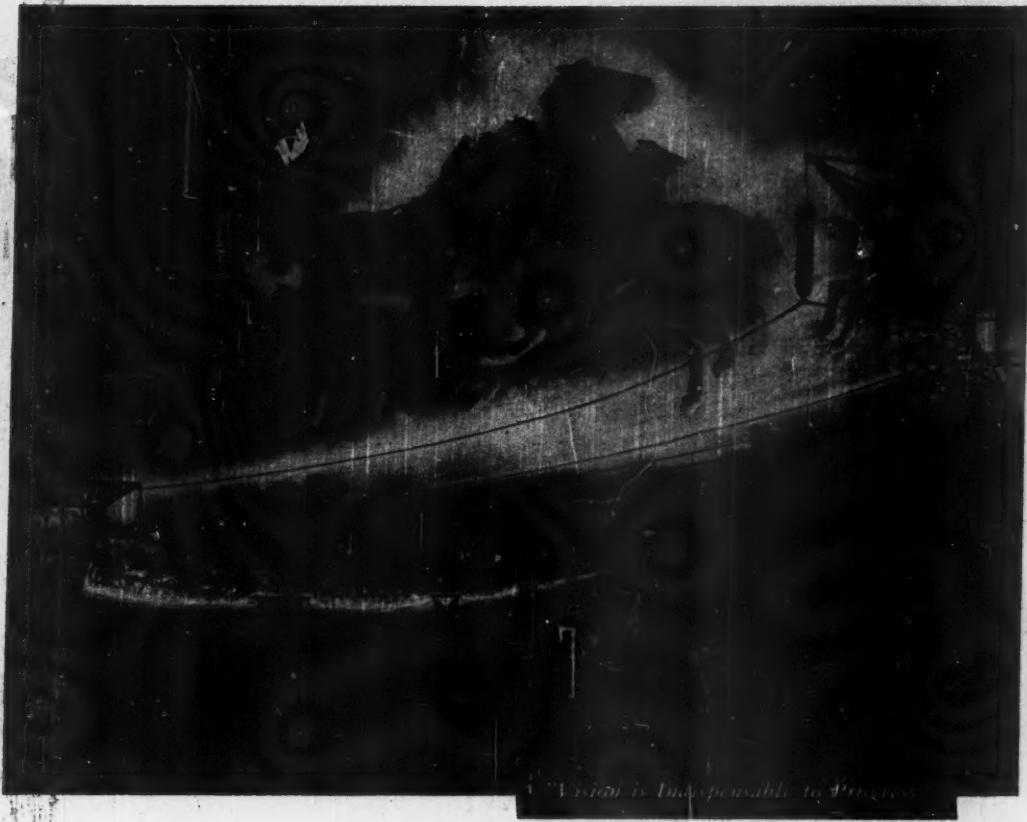
### A GOOD PRODUCT DESERVES GOOD BEARINGS

Your business is building good machinery—indispensable farm tractors, for example, which enable the farmer to do his work quickly, efficiently, and at lower cost. ★ Our business is building good bearings—dependable bearings that live up to the same high standards you establish for your own equipment. Because Bower bearings are Spher-O-Honed, they stay in perfect adjustment indefinitely, they last much longer and require little or no maintenance. ★ Your equipment deserves good bearings, and that's the kind of bearings Bower makes. Specify them and you'll find—as have leading manufacturers of machinery like yours—that Bower bearings are an outstanding value.

BOWER ROLLER BEARING COMPANY • Detroit 14, Michigan

BOWER  
ROLLER BEARINGS





*Electricity is indispensable to progress*

## Invisible horsepower that leaps to light a city...

When Thomas Edison died, it was suggested that all electric power be switched off for 60 seconds in tribute. The idea was abandoned when it was realized that even such a short interruption of power might be dangerous...

*The continuous flow of electricity was too vital to our national life!*

Yet, despite immense progress to date, the privately-owned electric utility companies and equipment manufacturers are working to find new uses for electricity and to provide steadily better service.

To effect economies, these companies are exploring methods of transmitting power at 500,000 volts—nearly twice as high as today's voltages.

Another phase of their research deals with the "heat pump" which heats houses in winter, and cools them in summer, by using the earth or air both as a source of heat and for dissipation of heat during the cooling cycle. Successful units are already in operation.

The uses of electricity by industry are

many and varied—dielectric heating to bond wood and plastics... electronic units for smoke control... motors for power and refrigeration...

At home, electrical energy lightens housework—and one day you may cook by radar. Today a radar range can cook a steak in 35 seconds!

Now with a powerful new X-ray tube, doctors can film super-speed movies of the blood in circulation—an advance that opens vast new fields in heart disease research.

In 1949 the electric utilities spent \$2,300,000,000 for expansion of plants

and facilities—part of a six year, \$9-billion construction program to meet America's insatiable thirst for electric power.

The impressive record written by the suppliers of electrical energy and equipment shows once again what can be accomplished by productive labor, capable management and thousands of individual investors under a competitive business system that is free...

For freedom is the foundation of America's strength and of her future. It is the assurance of greater happiness and abundance for all of the people.

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# Only STEEL can do so many jobs



**CLEANER THAN YOUR BEST CHINA.** The inside of a food can is "surgically clean." Sterilized in processing, it is cleaner and safer than any dish. The Department of Agriculture reports, "It is just as safe to keep canned food in the can—if the can is kept cool—as it is to empty the food into another container." And, incidentally, did you know that "tin cans" are really about 99% steel?

**HOW TO LIFT A MILLION POUNDS.** This crane runway, whose structural steel was fabricated and erected by United States Steel for the San Francisco Naval Shipyard, is 730 feet long, 209 feet high, extends 162½ feet over the water at each side. It can lift gun turrets and other huge sections weighing as much as 1,000,000 pounds.

**THE SOFTEST THING YOU CAN SLEEP ON IS STEEL.** For solid comfort, you can't beat mattresses that have inner springs of steel. Especially if the inner springs are made of U-S-S Premier Spring Wire, specially developed by United States Steel to give lasting resiliency and buoyancy to the inner springs of sleep equipment and upholstered furniture.



UNITED STATES STEEL CORPORATION OF DELAWARE, 436 Seventh Ave., Pittsburgh 30, Pa. AMERICAN BRIDGE COMPANY • AMERICAN STEEL & WIRE COMPANY and CYCLONE FENCE NATIONAL TUBE COMPANY • OIL WELL SUPPLY COMPANY • TENNESSEE COAL, IRON & RAILROAD COMPANY • UNION SUPPLY COMPANY • UNITED STATES STEEL EXPORT

# so well...



**NEW ICE CREAM IDEA.** In certain parts of the country, you can now buy individually packaged single servings of ice cream. They're called "Diced Cream"... and they strike a new high in sanitation, economy and convenience. Diced Cream is made in machines fabricated largely from stainless steel—to assure maximum purity in the finished product.



**STAINLESS STEEL GOES TO SCHOOL.** What a change from the little red schoolhouse! This new school in California embodies the latest features in school construction, including the use of U-S-S Stainless Steel for architectural trim. The stainless trim resists atmospheric corrosion, harmonizes with the building design. United States Steel produces steel of all kinds for such buildings... continuing its number-one job of helping to build a better America.

Listen to . . . NBC Symphony Orchestra, presented every Sunday evening by United States Steel.  
National Broadcasting Company, coast-to-coast network. Consult your newspaper for time and station.

...and this label is your guide to quality steel

## UNITED STATES STEEL

*Helping to Build a Better America*

DIVISION • CARNEGIE-ILLINOIS STEEL CORPORATION • COLUMBIA STEEL COMPANY • CONSOLIDATED WESTERN STEEL CORPORATION • GERRARD STEEL STRAPPING COMPANY  
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# BUSINESS WEEK

# MOBILIFT

with *Lev-R-Matic* Drive  
Moves Materials Faster at Less Cost!

...because



**Illustrated: MODEL KW**  
CAPACITY: 3,500 lbs. on  
15" load center.  
LIFT HEIGHT: 68", 108".  
MAST HT: (lowered) 63", 83".  
FREE LIFT: 38", 56".  
LENGTH: (less forks) 73 1/4".  
WIDTH: (overall) 36".  
TURNING RADIUS: 65".

**Easy-to-Operate Grouped Controls**  
Steering Wheel, Mast Tilt Lever, Fork-Lift Lever and Forward-Back Lever all functionally grouped for easy operation. Right foot controls accelerator, left foot "Dead-Man" brake which sets automatically when operator steps off.



**PUSH a SINGLE LEVER**  
—go forward instantly  
**PULL the SAME LEVER**  
—back-up instantly  
A service-proven multi-disc clutch smoothly transmits power

**FORWARD - or - BACK**  
**NO GEARS TO SHIFT!**



**WRITE TODAY**

Get your copy of the new, illustrated  
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# MOBILIFT

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### Liquid fire—solid economy

MOLTEN METAL lights the scene at Western Electric's own smelting plant, where these men help to reclaim millions of pounds of metals from worn out Bell telephone equipment, as well as scrap metal from Western Electric factories. They turn such junk into refined metals and alloys, out of which Western Electric makes new Bell telephone equipment—at an important saving in cost.

This is only one of many ways in which Western Electric people manage to keep down

the cost of equipment to Bell Telephone companies. Our manufacturing and purchasing economies are reflected in the low price you pay for telephone service.

• Western Electric is a part of the Bell System—has been for 68 years. So, naturally, our people who make telephone equipment have the same goal as Bell Laboratories people who design it and telephone company people who operate it. That goal is high quality, low cost telephone service for you.



A UNIT OF THE BELL SYSTEM SINCE 1882

## Highlights In This Issue

### After the Battle

- Congress swung this way and that on economic controls, finally has a bill. What the fight was about, how it came out.

P. 19

### Are Soviet Hucksters Good?

- Not good enough, says Moscow brass. Their ads lack zing.

P. 22

### The Real Deferral Problem

- It's the military reserves. They are the experienced men in skilled jobs. How many will you lose?

P. 25

### Ceiling on Profits?

- Not quite. Congress is sure to pass an excess-profits tax. But not right away and not as tough a one as in World War II.

P. 30

### Baby Assembly Line

- Out in Lincoln, Neb., Cushman whips its scooters together in Detroit style.

The Cover, P. 38

### How to Sell Munitions

- The list of phone numbers you built up in 1940 won't help you now. The military purchasing system is all different.

P. 55

### Queasy Boom

- Soft goods are booming along with hard. Long term prospects are good, but buyers are leery about the inventories they are piling up.

P. 60

### From the Middle Ages . . .

- Comes the idea of the trade fair. Chicago keeps the tradition going with a colorful showing of international merchandise.

P. 93

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# Lamb Electric

MOTORS

MOTORS

Motor with black lacquer finish to your weight factor for either direct drive or the more popular gear reduction.



As you study your product to find ways to reduce costs and better performance, why not benefit by the experience of many leading manufacturers? Through the use of a Lamb Electric Motor — specially engineered for their product — they are gaining the following advantages:

#### IN THE MOTOR—

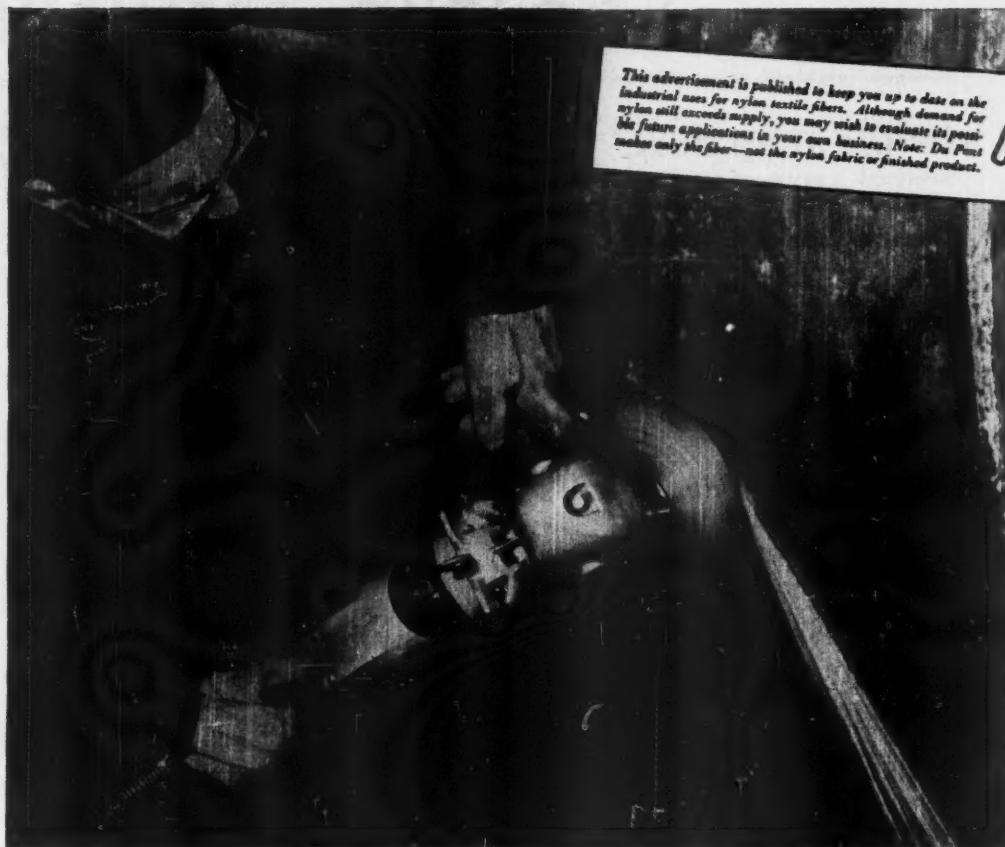
- Reduced cost, weight, space.
- Exact mechanical and electrical requirements.
- Thorough dependability.

#### IN THE PRODUCT—

- Better performance.
- Improved eye appeal.
- Compactness, less weight.

Our engineering department, with a background of thirty-five years' small motor experience, will be glad to work with yours in obtaining these benefits. The Lamb Electric Company, Kent, Ohio.

**Lamb Electric**  
SPECIAL APPLICATION  
FRACTIONAL HORSEPOWER MOTORS



This advertisement is published to keep you up to date on the industrial uses for nylon textile fibers. Although demand for nylon still exceeds supply, you may wish to evaluate its possible future applications in your own business. Note: Du Pont makes only the fiber—not the nylon fabric or finished product.

Photo: courtesy Bay State Abrasive Products Company

## HOW NYLON PUTS MUSCLE INTO A GRINDING WHEEL

Reinforcing a product can often call for more than just strength. Take, for example, the part Du Pont nylon fibers play in the construction of this abrasive wheel.

The wheel grinds down jagged ridges of metal left after welding. Spinning at 5500 r.p.m., it has to be able to take shock after shock, without shattering.

To keep the wheel from becoming too brittle, the manufacturer tried all kinds of reinforcements. He found just what he needed in resilient nylon fibers. Yards of nylon cord are strung through layers of disc-shaped nylon mesh. This nylon body is then treated with a resinoid material and packed with abrasive grains.

Nylon not only gives the wheel

the necessary strength to do the job, but provides a "cushion" that absorbs the impacts. The result is a wheel that can spin at top speeds, with less breakage, longer service, less operator fatigue and greater safety.

You probably don't need a reinforcement for abrasive wheels. But this application of nylon's strength plus resiliency may give you an idea. One that can help you improve a product, make a new product, or increase the efficiency of production methods.

Nylon is tough and durable . . . elastic and resilient. It resists deterioration by petroleum oils, soil rot, alkalies, mold and mildew. And nylon fabrics can be heat-set to hold shape.

For nylon...for rayon...for fibers to come...look to Du Pont

**INFORMATIVE BOOKLET** "Nylon Textile Fibers in Industry" brings businessmen up to date on nylon's performance in industry. Write for your copy. And tell us your fabric or fiber problems. Address Nylon Division 108, E. I. du Pont de Nemours & Co. (Inc.), Wilmington 98, Delaware.

**DU PONT**  
**NYLON FIBERS**

**DU PONT**  
REG. U.S. PAT. OFF.

BETTER THINGS FOR BETTER LIVING  
...THROUGH CHEMISTRY

**I always shop here**

**This is the  
coolest store in town**



**Putting *Air* to work . . .**

. . . means comfort for your customers on hot, humid days. In the suburbs, or in the city, Westinghouse Air Conditioning is a definite sales builder.

It puts shoppers in a more receptive mood, gets them to stay longer, buy more, and often become regular customers. Your employees do a better selling job, work harder, are more courteous and attentive. Employee turnover and sales-training problems are reduced.

Westinghouse Air Conditioning also means less spoilage of perishables or losses from soiled merchandise. Its clear, filtered air keeps furnishings and fixtures cleaner.

Westinghouse offers longer life with less servicing because of its hermetically-sealed compressor. This has been proven by years of experience in many national retailing chains. Look for the Westinghouse Air Conditioning Distributor listed in your Classified Telephone Directory, or write to Westinghouse Electric Corporation, Sturtevant Division, Hyde Park, Boston 36, Massachusetts.



The Westinghouse Central-Plant UNITAIRE is available in five sizes up to 25 horsepower.

WESTINGHOUSE AIR CONDITIONING serves Industrial Plants • Offices • Restaurants • Hospitals • Department Stores • All Types of Retail Outlets and Showrooms

**YOU CAN BE SURE...IF IT'S**

**Westinghouse**

# BUSINESS OUTLOOK

BUSINESS WEEK  
AUGUST 19, 1950



Inflation, rather than materials shortage, will be industry's number one problem in the months just ahead.

There's plenty of money around; and it's being spent—fast. Insatiable appetites for goods—all kinds—keep pushing prices up.

And that very prospect of rising prices brings still more demand into the markets.

One way to measure inflation is to watch the expansion of the money supply—cash and demand deposits in banks.

Here the warning signs are plain.

All through the 1949 recession, the money supply was shrinking. But since last March, it has been shooting up. Now it is well above 1948, the peak year for the postwar boom.

And a new trend has appeared in 1950: People not only have bigger deposits; they are using them more intensively. The amounts spent by check-writing have been rising faster than demand deposits.

Checks cleared have been running 25% ahead of previous years. They are hitting a pace this summer that tops anything but the usual yearend peaks of holiday buying.

This means people are turning their money over faster—spending income, digging into savings. In economists' language, the velocity of circulation is increasing.

Price rises are coming thick and fast now.

Fuel and home heating oil took a jump on the East Coast. Some iron and steel prices are beginning to edge upwards.

Du Pont is hiking prices on viscose rayon staple and fine denier viscose yarns. It cites higher material, labor, and other operating costs.

More and more of the recent raw material price rises are finding their way through to retail prices.

TV sets—which had been getting cheaper for almost a year—are now going the other way. Raytheon brought out its 1951 line with prices 5% to 7% higher. A couple of days later, Westinghouse followed suit.

Most of the shoe industry has fallen in line with price hikes posted by International Shoe and Brown Shoe a few weeks ago. This week, International raised prices again.

Business has been picking up so fast that forecasts of the potential growth of the U. S. economy can't keep up with it.

Early this year, Leon Keyserling, chairman of the Council of Economic Advisers, was talking of a \$300-billion economy by 1955.

Dept. of Commerce figures for the second quarter of 1950 set gross national product at a \$270-billion clip. And that was before Korea.

Now Keyserling has raised his sights. He sees the possibility of a jump to \$350-billion in five years (without allowing for any inflation).

Military buying may hurt civilian output less than had been supposed—at least as far as the most critical item, steel, is concerned.

The Munitions Board thinks all steel needs of the military (including the new arms program) would take only 5%-6% of steel production.

You can add to this Marshall Plan and pending military aid needs of about 4%.

# BUSINESS OUTLOOK (Continued)

BUSINESS WEEK  
AUGUST 19, 1950

Right now, arms are diverting perhaps 2% of total steel production. That means the civilian economy is due for a steel cutback of say 8%—or about six-million tons of finished steel.

On that basis, automobiles and home building would still get enough to run at near-record rates. There would be shortages and gray markets, but no drastic cutbacks.

Charles E. Wilson, president of General Motors, surmises that automobile output will be cut by only 10%. That would still allow for cars at a rate of seven million a year. The industry has never yet made that many in one year—though it hopes to go higher in 1950.

The boom in consumer credit that was causing so much concern may turn out to be a blessing in disguise.

As the amount of credit grew, it helped business—but by “borrowing” from future demand.

Now, tough credit restrictions could reverse the trend in consumer borrowing. Since the end of World War II, new lending has outpaced repayment. With instalment buying cut short, more people would be paying their debts than contracting new ones.

And the excess of repayments over borrowing would be an outright subtraction from the demand for goods. People using part of their earnings to pay old debts can't use the money to help bid up prices.

Purchases of goods from abroad are padding out the supply of goods available in the U. S.

Imports in the first half of 1950 hit an annual rate of \$7.6-billion. That's the best half-year yet.

June imports alone were \$686-million, the second highest monthly total ever recorded. And that was before increased stockpiling for raw materials (our chief imports) came into the picture.

Even so, U. S. sales to foreign countries still topped purchases by \$190-million in June.

Feverish efforts to stock up before allocations come through (or the Communists cut supply sources) are playing hob with the nonferrous markets.

Lead (up 1¢ a lb. this week) and platinum are the latest to join the parade.

Tin has risen 40% since the end of June to sell for the highest prices since 1918.

Copper stocks, already in extremely tight supply, were reduced even further last month. At the beginning of August, stocks were down another 2,000 tons. That put copper inventory at 48,000 tons, the lowest point in six years.

This year's large acreage of soybeans—growing beautifully up to now—may mean the difference between plenty of soap and a shortage.

There have been worries about pinches in imported oils. There also has been talk of shortages of basic chemicals for soapless detergents.

But though linseed oil output may be down, soybean oil will top all records. Before the war, we were net importers of oils; now we are exporters.

That's the only reason we don't have a soybean surplus.

**READY TO  
WORK  
FOR YOU**



How your product is made



How your product is sold



How your product is used



*The World's Most Versatile  
16mm. Motion Picture Camera*  
**CINE-KODAK SPECIAL II**

This businesslike equipment, Cine-Kodak Special II Camera, can work wonders for you. With it you can obtain movies of the highest quality—films that will help you train employees, or show your dealers how to sell. It will produce superb selling films that tell your customers and prospects how your product is made, or show them the benefits of its use. You can put this fine machine to work recording processes in your factory and research in your laboratories; then study the films to see how you can improve your products and the efficiency of your production.

The Cine-Kodak Special II is not an ordinary movie camera. It's more than worth its price because it can do so much. Built into this unique camera are all the controls needed for such professional effects as fades, dissolves, mask shots, multiple exposures, animations. Yet it's almost as simple as a home movie camera—and just as inexpensive to operate. See your Kodak dealer, or write Rochester for the free booklet, "16mm. Motion-Picture Making with the Cine-Kodak Special II."

**EASTMAN KODAK COMPANY**  
Rochester 4, N. Y.

**Kodak**  
TRADE-MARK



Meet the "Kitchen Engineer" who Speeds  
the Trend...to Home Appliances featuring  
**REYNOLDS ALUMINUM**

That washing machine\* being delivered, and the coffee maker\*\* on the table, typify what has long been a trend but is now almost a revolution. It's a movement away from useless weight in household equipment...away from surfaces that can chip, materials that can rust or break. And it's gaining speed spectacularly!

The reason is a new awareness of aluminum among American women...a dramatic sweep of aluminum into millions of kitchens. It's Reynolds Wrap...pure aluminum foil in handy rolls! Women cook, bake, store and freeze foods in Reynolds Wrap...so they prefer aluminum for whatever

touches food: utensils, refrigerators, home freezers. They invent ever more uses for Reynolds Wrap...and come to believe aluminum will do *'most anything better, in any appliance.'*

Technical men know the superiority of aluminum: its weight advantage, its high strength. They know its rustproof surface can take many textures, a chip-proof white finish, or jewel-like anodized colors. But the "kitchen engineer," with her Reynolds Wrap, has an enthusiasm that goes beyond the technical. *It goes right into the salesrooms*, where women look for home appliances featuring aluminum: Reynolds Aluminum!

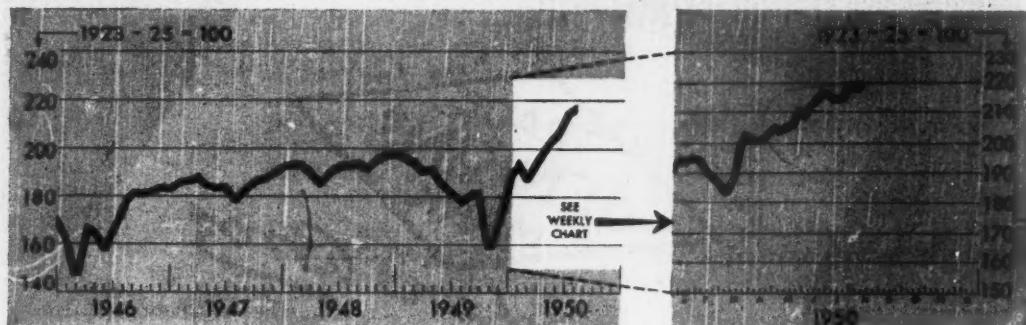
\*Easy "Spindrier," featuring Aluminum tubs. Gear Case, Spindrier, Spinner Basket. \*\*Cory "Coralume" Coffee Brewer, made of Reynolds Aluminum. Reynolds is an important supplier of prime metal and complete fabricated parts to these and many other manufacturers.

**REYNOLDS METALS COMPANY**  
*The Complete Aluminum Service*  
Richmond 19, Va. • Louisville 1, Ky.

Pig • ingot • sheet • cable • wire • rod • bar • extruded, roll formed, architectural and structural shapes • tubing • pipe • powders • pastes • foil packaging • chemical aluminas • building materials • industrial parts



# FIGURES OF THE WEEK



**Business Week Index (above) . . . . .**

## PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1947 Average
Steel ingot operations (% of capacity) . . . . .	100.1	99.9	99.4	83.5	97.3
Production of automobiles and trucks . . . . .	186,750	†175,572	194,073	144,317	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands) . . . . .	\$36,496	\$40,378	\$55,011	\$31,898	\$19,433
Electric power output (million kilowatt-hours) . . . . .	6,253	6,247	6,006	5,530	3,130
Crude oil and condensate (daily average, 1,000 bbls.) . . . . .	5,675	5,640	5,495	4,775	3,842
Bituminous coal (daily average, 1,000 tons) . . . . .	1,760	†1,793	322	1,254	1,685

## TRADE

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1947 Average
Miscellaneous and l.c.l. carloadings (daily average, 1,000 cars) . . . . .	80	79	76	70	86
All other carloadings (daily average, 1,000 cars) . . . . .	60	62	56	50	52
Money in circulation (millions) . . . . .	\$27,015	\$27,000	\$27,169	\$27,409	\$9,613
Department store sales (change from same week of preceding year) . . . . .	+29%	+42%	+8%	-12%	+17%
Business failures (Dun & Bradstreet, number) . . . . .	194	168	187	176	228

## PRICES (Average for the week)

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1947 Average
Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100), June . . . . .	170.2	168.6	169.6	105.2	
Spot commodity index (Moody's, Dec. 31, 1931 = 100) . . . . .	450.0	458.9	433.5	339.8	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100) . . . . .	284.3	†279.1	256.8	217.5	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100) . . . . .	348.0	†349.0	350.4	291.9	146.6
Finished steel composite (Iron Age, lb.) . . . . .	3.837¢	3.837¢	3.837¢	3.705¢	2.396¢
Scrap steel composite (Iron Age, ton) . . . . .	\$40.25	\$39.17	\$37.17	\$21.17	\$19.48
Copper (electrolytic, Connecticut Valley, lb.) . . . . .	22.500¢	22.500¢	22.500¢	17.625¢	12.022¢
Wheat (No. 2, hard winter, Kansas City, bu.) . . . . .	\$2.21	\$2.22	\$2.19	\$2.05	\$0.99
Sugar (raw, delivered New York, lb.) . . . . .	6.26¢	6.24¢	6.06¢	5.90¢	3.38¢
Cotton (middling, ten designated markets, lb.) . . . . .	37.72¢	37.73¢	37.52¢	31.17¢	13.94¢
Wool tops (Boston, lb.) . . . . .	\$2.60	\$2.55	\$2.38	\$2.05	\$1.41
Rubber (ribbed smoked sheets, New York, lb.) . . . . .	47.30¢	59.85¢	36.93¢	16.62¢	22.16¢

## FINANCE

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1947 Average
90 stocks, price index (Standard & Poor's Corp.) . . . . .	145.7	145.5	134.4	121.8	78.0
Medium grade corporate bond yield (Baa issues, Moody's) . . . . .	3.23%	3.25%	3.34%	3.39%	4.33%
High grade corporate bond yield (Aaa issues, Moody's) . . . . .	2.61%	2.61%	2.66%	2.61%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average) . . . . .	1½-11%	1½-11%	1½-11%	1½-11%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate) . . . . .	1½-11%	1½-11%	1½-11%	1½-11%	1-1%

## BANKING (Millions of dollars)

	Demand deposits adjusted, reporting member banks . . . . .	48,351	48,264	47,547	46,268	†127,777
Total loans and investments, reporting member banks . . . . .	67,933	67,847	67,586	64,207	†132,309	
Commercial and agricultural loans, reporting member banks . . . . .	14,187	14,022	13,725	12,906	†16,963	
Securities loans, reporting member banks . . . . .	2,594	2,610	2,176	2,098	††1,038	
U. S. gov't and gov't guaranteed obligations held, reporting member banks . . . . .	35,154	35,496	36,248	36,144	††15,999	
Other securities held, reporting member banks . . . . .	6,048	5,989	5,869	4,885	††4,303	
Excess reserves, all member banks . . . . .	870	860	920	834	5,290	
Total federal reserve credit outstanding . . . . .	18,904	18,762	18,757	18,924	2,265	

\*Preliminary, week ended Aug. 12.

††Estimate (BW—Jul. 12 '47, p16).

‡Date for "Latest Week" on each series on request.

\*Revised.



## The faith men live by

NOT A DAY GOES BY that we don't put our trust in others, in countless little ways. We trust the policeman to keep the peace, the grocer to give us good meat and bread — and we trust, in measure, the honesty of everyone whose ware we buy, or to whom we sell our own.

Sometimes in evidence of our good intent, we sign our name or make our mark — and it becomes a visible symbol of our earnestness to merit the trust of our fellow man.

Such a mark does not attain its full significance as the ink is dry, but rather with the passage of years. As time

goes by the original trust that engendered it ripens into faith in the signer's integrity, and that faith itself becomes an abiding institution.

That is why Jenkins Bros. consider their trade mark — the Jenkins Bros. Diamond and Signature — among the most important virtues of a Jenkins Valve. This mark has become a symbol of justified faith placed in a body of honorable men making honest products, since 1864.

Jenkins Bros., 100 Park Avenue, New York 17, N. Y.;  
Jenkins Bros., Ltd., Montreal.



# JENKINS VALVES

A COMPLETE LINE OF TYPES, SIZES, PRESSURES, METALS FOR EVERY NEED

# WASHINGTON OUTLOOK

WASHINGTON  
BUREAU  
AUG. 19, 1950



Plans for a rapid expansion of industrial capacity are in the making and will unfold as the defense program gets rolling. Details aren't firm, but the general objectives are.

**The over-all goal:** 30% more goods and services in the next five years. That's a big jump, nearly double the normal growth rate for good times.

**The theory:** This is what's needed for future economic balance—output enough to meet extra military and civilian needs without big strain.

**The real push** will be for more metals and electric power. They will determine, more than anything else, how much can be produced—whether for defense now, or for all-out war with Russia in the future.

**Steel tops the expansion list.** Industry plans call for a 6% capacity rise to near 106-million tons by the end of 1952. But Truman men say that isn't enough. They want sights lifted so that capacity will hit 115-to 120-million tons in 1955—a jump of 15% to 20% above now.

**Iron ore will become a problem in any big steel expansion.** The plan is to meet this by tapping new sources—high-grade deposits in Venezuela and Labrador and low-grade taconite here at home. This will take three years.

**More of the other metals will be sought, too**—more copper, zinc, tin, chrome, manganese, aluminum.

**Electric power demand** is expected to rise faster than it can be met with present capacity expansion plans. Government ownership advocates already are using the crisis as an argument to shove pet projects along.

**The government will offer aids and incentives to expansion**—some now and others next year—after the size of the defense effort is clearer.

**Easy credit will be available**, both direct loans by the government and government-guaranteed bank loans. These advances will be made only for extra production necessary for defense or essential civilian needs and to borrowers who can't get reasonable terms through normal channels.

**Subsidies will be used, too.** They will take the form of premium prices to bring such things as high-cost copper and zinc into production.

**Provision is being made now for expansion credit and subsidies.** Note that the production control bill pending in Congress has \$2-billion earmarked for these purposes. The first commitments will come this fall.

**The RFC will have a big hand in the program.** Congress will O.K. this. Truman's shake-up of the agency's directors is a concession (page 24).

**Tax incentives are planned for next year**, when Truman expects to submit another big increase in corporation and individual income taxes.

**Accelerated depreciation** currently is the most talked-of tax concession (page 32). It would permit a rapid write-off against taxable income of capital put into new production facilities certified as necessary, either for defense or essential civilian requirements. It was used in World War II. There is little doubt Congress will O.K. it again when an excess-profits tax is voted.

**The government will supervise expansion, give it general direction,**

# WASHINGTON OUTLOOK (Continued)

WASHINGTON  
BUREAU  
AUG. 19, 1950

although it will rely on private money to do the bigger part of the job. And Washington will have control of capital, indirect but effective.

• The power to allocate materials will let the government say which lines can expand, which can't. The test will be essentiality.

• High taxes deter expansion, and when accelerated depreciation comes, Washington will say what facilities can be charged off quickly.

• Small and middle-size companies will be favored on loans, with the idea of building them up as competitors for industry leaders.

**There will be the threat of government competition, too, unless private capital meets expansion goals set in Washington. Language of the control bill is broad enough and fuzzy enough to put the government into business.**

**The first use of controls is less than 30 days away. Congress will vote the law in 10 days or so, and the first orders will go out in September.**

**Instalment credit curbs will go on not later than Oct. 1 and will be tight enough to kill off some demand for autos, appliances.**

**Control over use of scarce materials will come quickly, too, but won't make much of a dent in civilian production until later in the year.**

Selective price ceilings on basic materials are probable this fall.

**But there will be no quick move to strait-jacket the economy. This needs repeating in light of persistent rumors of sudden, all-out controls.**

**Much of the present planning is confused and will be discarded, once Truman issues an executive order telling the agencies what they will do. Up to now, they have been planning mostly in the dark and without any firm bill of military needs. That, after all, will determine how much and how fast defense production moves in on civilian production. Then, there is November to be considered.**

**Many decisions will be put off until after elections—the big tax jump, which will follow the stopgap bill, sharp cuts in civilian production, general wage and price control.**

**There's bitterness over Korea in Congress' mail, and Truman is aware of it. The soft Far East policy and our lack of preparedness are hard to explain, now that the fighting is on. The Democrats are worried about whom the voters will blame, and this will be a brake on sweeping controls; they might add to popular dissatisfaction with Washington.**

**Another bulge in defense spending is ahead. The total up to now is \$33-billion—\$15-billion before Korea, plus \$18-billion since Korea. The faster than expected calling of reservists and National Guardsmen will add \$3-to \$4-billion in a matter of weeks, and there may be more for weapons. The estimate for next year, fiscal 1952, is \$40-to \$50-billion.**

**It is a long step toward a wartime footing. Added to the growing programs of our allies, it comes to be the biggest arms race in history.**

**Russia isn't softening. In the two months since our "firm stand," she hasn't given an inch, and there's doubt that she will. In fact, members of Congress come away from private briefings at the State Dept. with the impression that another Korea is probable in the fall. If it comes, you can expect a shift to a full wartime economy, and fast.**

## BRONZES CONTAINING NICKEL GIVE

# Improved Performance!

Users and producers, alike, gain by using nickel alloyed bronzes . . .

Moderate amounts of nickel refine the grain, strengthen the alloy, and improve its resistance to wear and corrosion. Moreover, by increasing fluidity in the casting mixture, nickel substantially widens the safe casting range, and thus helps production by improving density and pressure tightness.

### MECHANICAL PROPERTIES IMPROVED

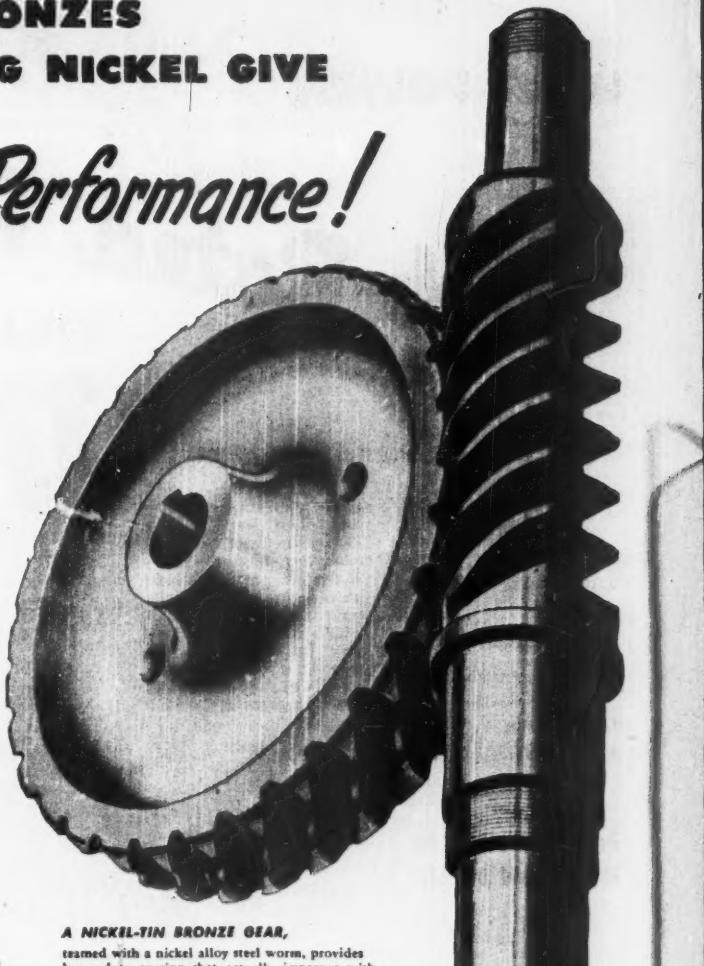
In certain cases, a moderate nickel content permits remarkable improvements to mechanical properties by suitable heat treatment . . . increasing both tensile and compressive strengths, and being particularly effective in raising elastic properties.

### TYPICAL APPLICATIONS

Low coefficient of friction against steel along with high strength and corrosion resisting properties, permit nickel alloyed bronzes to set new standards of low-cost performance in hundreds of uses. Applications include: *worm wheels, gears, bushings, bearing backs, sleeves, forming mandrels, pumps, valve guides and seats as well as miscellaneous structural and engineering uses.*

### COUNSEL AND DATA

Nickel alloyed bronzes offer significant advantages. Whatever your industry, we solicit the opportunity to help you with counsel and data pertaining to these economical alloys. Write for recommendations regarding the best types for your applications. Mail the coupon now.



**A NICKEL-TIN BRONZE GEAR,**  
teamred with a nickel alloy steel worm, provides  
heavy-duty gearing that actually improves with  
use. Standard in the gear industry, chill-cast  
nickel-tin-phosphor bronze not only shows  
excellent resistance to wear and fatigue, but  
gears of this material provide higher tensile  
strength than those of ordinary bronze.

The International Nickel Company, Inc.  
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Gentlemen:

Please send me a copy of:  
"The Role of Nickel in Cast Bronze."

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# THE INTERNATIONAL NICKEL COMPANY, INC.

67 WALL STREET  
NEW YORK 5, N.Y.

Here's POWER



that hits home...

# "Job-Rated" POWER



Power that's right for your job!

Dodge Van, Power-Wagon ..	94 HP
B-1½-ton, C-¾-ton .....	96 HP
D-1-ton .....	102 HP
F, G, H-1½-ton, HH-2-ton	109 HP
J, K-2½-ton .....	114 HP
R-2½-ton .....	122 HP
T-3-ton, V-3½-ton .....	128 HP
Y-4-ton .....	154 HP

Your Dodge truck will have plenty of power—and then some! Each Dodge engine is a high-efficiency engine—"Job-Rated" to provide ample power for the weight range of the model in which it's used. To give you this "Job-Rated" power, Dodge makes available 8 different truck engines.

Power that's tops for economy and long life!



Dodge truck engines are "Job-Rated" to give you high compression, better carburetion, and efficient ignition for low operating costs. Valve seat inserts, four piston rings with the top ring chrome-plated, and many other advanced features, contribute to economy, dependability and long life.

## Now! gyrol FLUID DRIVE!

Available on all  $\frac{1}{2}$ -,  $\frac{3}{4}$ - and 1-ton models. Saves wear on over 80 vital parts; lowers upkeep cost, prolongs truck life. Ask for Fluid Drive booklet.

See your Dodge Dealer for a good deal!

With all their extra value

# DODGE "Job-Rated" TRUCKS

... for low-cost transportation

**POWER:** ... 8 great truck engines—each "Job-Rated" for PLUS power.

**ECONOMY:** ... priced with the lowest "Job-Rated" for dependability and long life.

**BIGGER PAYLOADS:** ... carry more without overloading axles or springs because of "Job-Rated" WEIGHT DISTRIBUTION.

**EASIER HANDLING:** ... sharper

turning! Parks in tight places. "Job-Rated" maneuverability!

**COMFORT:** ... widest seats . . . windshield with best vision of any popular truck. Air-cushioned, adjustable "chair-height" seats.

**SAFETY:** ... finest truck brakes in the industry . . . hand brake operating independently on propeller shaft on all models— $\frac{1}{2}$ -ton and up.

## Control Bill Won't Regiment Business—Yet

### WHAT TRUMAN CAN DO

- Roll back prices and wages and apply price and wage controls;
- Set up priorities and allocations of defense materials;
- Requisition equipment and supplies for defense;
- Restore Regulation W to control consumer credit.

### WHAT HE WILL DO—FOR NOW

- Approve a hike in all individual withholding tax rates by 3%;
- Freeze inventories—permitting business to hold normal supplies;
- Clamp a ceiling on consumption of rubber and perhaps one or two other scarce materials.

Congress will be through with the mobilization control bill within 10 days; the first orders will go out around Labor Day.

• **Delay**—Writing the control law has taken a lot more time than congressional leaders expected. At the outset they predicted that the bill would go through within two weeks. But members found that though almost everybody favors controls of some sort, they all want special exemptions to protect their particular interests.

The law that Congress gives Truman will be much broader than the first directives to industry will indicate. The bill is designed to meet all contingencies, while early plans of Washington agencies to regiment business are based only on tomorrow's relatively modest needs. But the law will be on the books for at least a year. In that time, cutbacks in production, priorities and allocations, and credit controls will be laid on as needed.

• **Pocketbook Pinch**—The first pinch that businessmen will feel will be in their billfolds—in higher taxes. The new bill repeals the tax cuts made in 1945 and 1948. (Those cuts amounted to a 9% to 17% decrease in your tax bill.) At the same time, effective Oct. 1, there will be a 3% increase in withholding taxes—raising them from 15% to 18% of net income after exemptions. Corporations must hike their tax reserves immediately to meet the higher rates that Congress is putting into effect as of July 1 and to meet accelerated payments under the Mills Plan.

• **Fractional Mobilization**—Harsh controls won't come soon. The only needs

now are for fractional mobilization. Steel will be siphoned from civilian to military needs primarily by the use of credit control—to cut down on purchase of consumer durables. Food is plentiful and so are textiles, so rationing is unnecessary for the time being. Price controls, except perhaps on some industrial raw materials, are remote now that the buying panic of a month ago is beginning to subside (page 20).

There will be an inventory freeze and a ceiling on rubber consumption. These will be the first controls. But inventory controls will permit you to hold normal supplies. The rubber usage order will allow the same consumption as in the year June 30, 1949, to June 30, 1950, and this was the second biggest rubber consumption year on record.

• **Standby for Action**—Of course, there is always the possibility that the Communists will start another incident on the Korea model somewhere else in the fall. In that case, the timetable on controls would be shortened; the tougher curbs, held in reserve, would be slapped on quickly.

• **Broad Authority**—Here's a lineup of the controls and incentives that the law authorizes:

(1) Priorities and allocations of materials and facilities for defense;

(2) Requisitioning of equipment, supplies, and facilities necessary for manufacturing, servicing, or operation of defense material.

(3) Guaranteed loans to producers for expanding output, premium payment for critical materials, and long-term

contracts to encourage development of raw material resources;

(4) \$2-billion lending fund to be administered by RFC (page 24) to aid in expansion of production capacity;

(5) Wage and price controls to be used at the President's discretion on either a selective or an across-the-board pattern.

(6) Authority to roll back prices and wages to, but no further than, the level in the May 24-June 24, 1950, period;

(7) Labor disputes machinery similar to the War Labor Board;

(8) Reinstatement of Regulation W to control consumer credit;

(9) Federal Reserve Board credit control covering real-estate construction or reconstruction, begun after Aug. 3;

(10) Presidential control over government insured or guaranteed real estate construction;

(11) Exemptions from antitrust laws for businesses and businessmen engaging in joint actions at the request of the government;

(12) A joint congressional committee to watchdog the program.

• **Dilemma**—Writing this control law has placed congressmen in a dilemma: they haven't been told how serious the threat of all-out war is, or how deep controls will have to cut. Yet they've been deluged with letters from home demanding full preparedness, plus protection for consumers against spiraling prices.

Senator Taft and a minority of other congressmen insist that Truman has not justified the need for business controls. There is a deep-dyed abhorrence of regimentation no matter what the purpose, and writhing in Congress over this issue has caused a lot of delay.

• **Special Interests**—Then, there is the dollar-and-cents incentive from all kinds of groups wanting exemptions from controls. You had the spectacle this week of the Senate voting price ceiling in one breath and offering some 40 amendments giving relief and exemptions from controls in the next.

Senator Maybank, manager of the bill, had to flag the flurry, saying: "We can't legislate OPA regulations on the Senate floor." Only one of the 40 amendments has been approved so far; it guarantees the meat industry a price based on a fair return for each kind of meat.

# Panic's Past, Buying Isn't

**Scare buying is over the peak. But demand is still heavy on many items. Electrical appliances are still tight; nylons, most foods are nearly normal. Stores and customers are pulled two ways.**

The outsize buying bubble has lost some of its air, but it's still a good big balloon.

At the latest count, scare buying was showing definite signs of tapering, all across the country. From city after city, with a few exceptions, the word came "back to normal" on nylons, most foods.

Tires are still short in most places. But in Denver and St. Louis even these are easier; San Francisco shows a downright "slump."

• **Appliances Hot**—Electrical appliances are mainly the hottest item—though many dealers say the peak is past. Los Angeles retail outlets are sending their buyers East with orders to buy "whatever and wherever." TV sales, have slowed there, though, partly because summertime television fare is bad. Radios are booming. San Francisco reports heavy appliances are in very short supply; lighter ones—electric irons, toasters, coffeemakers—are plentiful. Houston was cleaned out. One big Chicago house says home freezers are "down"—they're only two or three times a year ago, compared with six times a couple of weeks earlier.

• **Going**—Furniture is another current big scorer. Los Angeles sales are "fantastic in all lines," department stores say. In Seattle, Syracuse (N.Y.), and Knoxville, furniture is a best seller, though Knoxville reports a tapering.

Cars show some signs of letting up. Used cars are sagging a little in Detroit, though the new-car market is as tight as ever. In Los Angeles, demand is slackening, but still double normal. St. Louis dealers disagree; some say demand is higher, some say it's off. In Seattle, a strong demand is easing; used cars are going great guns, prices are "out of this world." New cars are still scarce in San Francisco; used-car prices are up. In Cleveland, buying is at scare levels, especially in the lower-price groups.

Farm implements are doing a big business in Chicago. The first frenzy is gone, but demand is still above pre-Korea.

In softer lines, sheets and pillowcases are having runs most places. Paper tissues are still being panic bought. Only one city—Birmingham—reports a run on shoes.

As the flurry subsides, you can pick out two sets of reins pulling on the consumer. Some stresses pull to the counter, some pull away from it.

• **Why They Buy**—Thus continued heavy sugar sales partly reflect the can-

ning season. One Los Angeles grocer says people are doing more canning this year. Some of the buying appears to be pentup demand. One Washington (D.C.) department store quizzed its customers on the sudden rush to the TV sales rooms. Most of them said they had meant to buy soon, anyway. New houses accounted for a lot of the run on appliances. In Seattle, builders who used to put in appliances themselves are now telling home buyers to do it. Some people who had held off in hopes excises would go off luggage and jewelry are back at the counters. Some Clevelanders are doing their Christmas shopping early.

• **Why Slow Down**—Against the factors that keep sales booming, you can balance others that explain why sales have let up in the last week. Los Angeles grocers figure customers are beginning to eat some of their hoardings and are saving their cash for heavy goods. But probably the biggest reason for the food slowdown is the simple fact that the store shelves don't stay empty. Replacements came in at a clip to defeat all but the most indefatigable hoarder.

Voluntary rationing helped check sales. It slowed up the nylon rush in Maine, eased the paper tissue pinch in

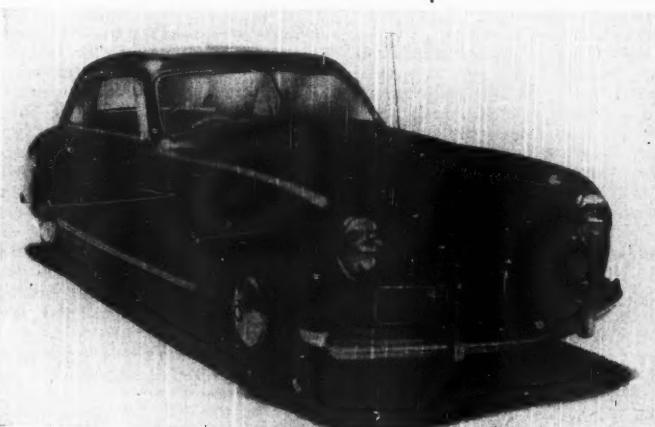
Denver. Price is another factor. People who would stock up food at lower prices are less anxious to hoard when it costs more.

• **Other Checks**—Antihoarding drives are gaining. Witness the Knoxville man who sheepishly asked for 100 lb. of sugar and hastily explained, "I've got blackberries to can." Witness, too, the organized campaign of civic and business leaders in Bangor, Me. The widely publicized technique of these "Home Defenders of Freedom" is to get consumers' pledges that they won't buy needlessly because "Hoarding Helps Communism."

But toughest obstacle to more buying shows up in one comment of a Houston appliance salesman. Asked whether there was still scare buying, he said, "I don't know. I might if I had something to sell."

• **To Sell or Not?**—Merchants feel the two-way pull, just as the customers do. In Knoxville, Sterchi's furniture store is warning in big, full-page newspaper ads, that "Credit Controls are Coming!" This "now's the time to buy" theme is counteracted by other stores in the same city, which combine their ads with pleas against panic buying.

Summer clearances as usual were the order in some department and apparel stores, though the bargains weren't always as great as they might have been in normal years. Perhaps the typical retail attitude is a shrug of the shoulders. As one Washington department store put it: "We're doing absolutely nothing about panic buying—any kind of control or advertising only makes it worse."



## Will the Next Nash Look Like This?

When Nash Motors announced this week it had signed Italian designer Pinin Farina as a consultant, it started a round of speculation: Most of the talk boiled down to whether Nash would go European in its

body lines. Farina owns a custom body factory in Turin, has built some of the raciest cars in Europe. The model above is one of his specials, built on an Alfa-Romeo chassis.

## How Many New Cars for the R.R.s

The Assn. of American  
Railroads thinks U.S.

R.R.'s need a total of ..... 1,850,000 cars

On July 31, the R.R.'s had:

In service, about .....	1,727,000 cars
On order .....	41,236 cars
Building in own shops .....	25,848 cars

So the rush of new orders involves a total of .....

55,916 cars

## Freight-Car Orders Soar

Korean war, pressure from AAR bring sudden activity from railroads as they place orders for 60,000 cars in six weeks. Steel shortage, mobilization may hamper plans.

Just a month ago, the U.S. railroads found themselves in a bad spot as far as a good piece of their equipment was concerned (BW-Jul.22'50,p25). The major weakness lay in freight cars; more than a third of them were over 25 years old and ready for the junk pile.

• **Change in Outlook**—This week, the future looks much brighter than it did in July. Car builders report that orders are flooding in at the greatest rate in years.

A good slice of this sudden activity stems directly from the Korean war—although the need for cars has been clear for years. But probably more instrumental has been the Assn. of American Railroads. On July 28, it held a special meeting of its members in Chicago. Said AAR: If the railroads are going to be able to meet any emergency efficiently, they will have to boost their fleet by a net total of 122,000 freight cars within the shortest possible time.

• **Program**—AAR presented its 132-line membership with a three-pronged program aimed at reaching this goal quickly: (1) Car builders and the railroads themselves should reach a production pace of 10,000 new cars per month; (2) roads should broaden their programs to renovate and modernize older cars in the present fleet; and (3) railroad repair programs must be speeded up so that fewer cars are out of service for repair at any one time.

The final goal that AAR wants to meet breaks down like this: a net increase of about 69,000 boxcars, 36,000 gondolas, 11,000 hoppers, and 8,000

flat cars. That would bring the present fleet up to a new level of 1,850,000 cars.

• **Big Orders**—AAR had no trouble selling its program to its members. During the first six months of this year, the roads ordered a total of about 40,000 new freight cars. Within the six weeks following, orders for about 60,000 more piled in on top of these—actually placed or in negotiation. So as of this week, this year's freight-car orders so far announced total around 104,000 of all types. These are either in the process of being, or actually have been, ordered by 62 railroads.

Among the railroads which have placed or publicly announced the bigger orders are: Pennsylvania, 15,010; New York Central, 11,000; Union Pacific, 7,500; Southern Pacific, 4,100.

• **How Soon?**—How fast can the new cars be produced? At the meeting, AAR president William T. Faricy said he hoped the 10,000-car-a-month goal would be reached by next January. But he pointed out that it would take a lot more than a year to bring about a net increase of 122,000 cars. The reason is that retirement of obsolete and war-weary cars can't be cut to less than 50,000 cars per year for the next couple of years anyway.

Once the roads get this freight-car increase, they'll be in a lot better shape, equipment-wise. The situation is not nearly so bad in locomotives: 62 roads have ordered 1,633 new units so far this year. Moreover, in case of an emergency, old, retired engines can be called

into service and do as good a job as they ever have.

• **Two Stumbling Blocks**—The one factor that lends a sense of uneasiness to this program is that it comes pretty late. In fact, two major things may interfere with its completion: (1) a shortage of steel, which is already threatening; and (2) total mobilization, which might stop the car-building cold in its tracks.

One reason for the latter is that the government counts on car builders to manufacture a great deal of heavy war material. As a result, very few freight cars were built during World War II. AAR hopes that this time maybe the railroads will get a better break, will get some priority on car manufacture. But most people in the industry wouldn't take a bet on it.

• **No Trouble Now**—Meanwhile, limited mobilization doesn't seem to be too much of a problem. American Car & Foundry Co., for example, has received a large order for tanks. ACF president Charles J. Hardy, Jr., has this to say about it: "Our government war contracts will positively have no effect whatsoever on our railroad equipment production at this time. Approximately 11,000 cars have been ordered from this company since the start of the Korean emergency."

## Kaiser Settles Suits With Cash, Collateral

Stockholders' suits for \$50-million against Henry Kaiser, his son Edgar, and directors of Kaiser-Frazer Corp. were settled last week for \$1,379,000 in federal court at Detroit.

Suits had charged that K-F officers, operating through other Kaiser companies, had purchased K-F equipment at prices below its real value. Nearly everyone on both sides had reached agreement on settlement terms last October. The court merely approved the deal and cleared the defendants of charges of fraud. Court action was necessary because some stockholders were still opposed to settlement terms.

Under the terms of the settlement, K-F officers or Kaiser Aluminum & Chemical Corp. will pay K-F \$500,000. Another \$879,503 will be paid to K-F by Kaiser Metal Products, Inc., for presses and other equipment it is using to make car doors for K-F.

Besides, Henry Kaiser and Kaiser Industries, Inc., another Kaiser operation will give guarantees of \$15-million—secured by \$10-million of collateral—on the \$44.4-million in loans K-F got from RFC last fall.

The \$879,503 payment and the loan-backing provisions of the settlement have already been carried out.

**U. S. AUTOMOBILE** ad has a sleek, modern sweep. Public familiarity means product and slogans can carry the message with little explanatory text.

# Russian Ads Aren't Pulling

Pravda hits trade ministry for not getting more pep and initiative in "cultured" advertising.

**RUSSIAN CAR** ad isn't too bad by U. S. standards, except that there is more text. Possible reason: Cars are less familiar in Russia.

Contrary to its loud talk, the Soviet government thinks that a good many capitalistic ideas are pretty good—and has taken them over to use itself. One which it has been trying out lately is the advertising of consumer products. Of course, it isn't quite the same as western advertising, which is used "as a means of shameless deceit of consumers." Instead, Soviet advertising is more dignified be-



**AMERICAN** ad for ice cream has a modern, streamlined simplicity which emphasizes richness and flavor as top qualities.



**RUSSIAN** ice cream ad is thoroughly up-to-date, might have come from any American advertising agency in 1950.



**FAMILIARITY** of well-established U. S. product permits ad-men to let shadowy perfume bottle tell most of story.



THIS IS HARD



BUT THIS IS EASY



AND THIS IS  
MIGHTY WONDERFUL

### Automatic saving is sure saving—U.S. Savings Bonds

**PERSONAL SECURITY** is emphasis given in ad plugging purchase of U.S. savings bonds, stressing idea that buyer will be real beneficiary.

cause it is "cultured and progressive." • **Something's Wrong**—Trouble is that Soviet hucksters seem to be falling down on the job. This week, a Pravda editorial gave the trade ministry a pen-lashing because its ads seemed to be a waste of time. Something was radically wrong, said Pravda, because the ads had prodded hardly anybody into trying out the new canned fruits and tomato juice.

What was it? The official Communist Party newspaper guessed that the ads needed more pep and initiative. After all, said Pravda, the purpose of "our widely cultured Soviet advertising" is to get consumers to buy new merchandise. • **A Near Thing**—Pravda ignored the fact that this philosophy skirts perilously close to that of the uncultured, capitalistic advertising offices on New York's

Madison Ave. But the London Economist had a possible explanation for this oversight: "Commercial advertising is, of course, as little in the spirit of Marxist doctrine as gold-based currency or a highly developed system of piece-work. But the first law of the Politburo is to get things done and to strengthen their own country. Marx and Lenin can always be re-edited."



**UNSOPHISTICATED** Russian perfume ad, aimed at women less accustomed to cosmetics, is more hearts and flowers.



**U.S. MOVIES'** ads bear down on emotional content, mass appeal, stay away from abstractions of many other consumer ads.



**RUSSIAN AD** for movies obviously does the same, is more old-fashioned in appearance, like U.S. ads of early 1930s.



ПРИОБРЕТАЙ  
ОБЛИГАЦИИ  
ГОСУДАРСТВЕННОГО  
ИХ ВНУТРЕННЕГО  
ДИПЛОМАТОЧНОГО  
ЗАМКА.



BANKER W. E. Harber of Okla., and . . .



LAWYER C. E. Rowe of Boston will be . . .

## New Signal-Callers for RFC

Truman sent in three friends of small business as substitutes for Hise, Gunderson, and Mulligan. That was the price Congress asked for handing over \$2-billion to RFC for rearmament aid.

President Truman has sent in a new team at the Reconstruction Finance Corp. He picked his substitutions to bring the granddaddy of federal lending institutions back into good repute. It has a big job to do in the mobilization program.

• **Two Men for \$2-Billion**—Getting rid of Chairman Harley Hise and board member Harvey Gunderson was Congress' price for handing over \$2-billion to RFC to finance industrial expansion for the nation's rearmament.

Last week, Truman replaced Hise and Gunderson—plus member Henry A. Mulligan, who resigned two months ago—with two country bankers and a Boston lawyer.

• **Small-Business Background**—And the background of the men Truman picked to take over RFC indicates clearly that he intends to have the agency use small business as the trunk on which to graft new productive facilities.

• W. Elmer Harber, Shawnee and Seminole (Okla.) banker, is likely to take over the chairmanship from Hise. Harber is president of the First National Bank of Seminole, the American National Bank of Shawnee, and has a strong voice in the Liberty National Bank of Oklahoma City. He is one of Oklahoma's staunchest New Dealers, a confidante of Gov. Roy Turner and the state's Democratic National Committeeman. Harber has had one tour of

duty in Washington Commerce's small-business advisory committee.

• Republican banker Walter E. Cosgriff of Utah and Democratic attorney C. Edward Rowe of Boston will make up the new trio of policy makers.

Cosgriff is president of the Continental Bank & Trust Co., of Salt Lake City, with interests in a string of smaller banks. He was recommended for the job by Secretary Sawyer and is a zealous advocate of small-business participation in the armament program.

• Rowe once was a director of the Smaller War Plants Corp. where he was highly regarded as a cautious, analytical yet personable man.

Truman's announcement of the appointments drew no criticism from Capitol Hill, so the new team will have a fairly free hand at the outset, at least. Sitting members Walter Lee Dunham and William E. Willette were reappointed to fill out the directorships.

• **Uncertain Future**—Two months ago, the new board members would have been looked upon merely as pallbearers for RFC's certain demise.

Jesse Jones, once Mr. RFC himself, had recommended RFC be abolished. The Senate Fulbright investigating committee buffeted RFC in a long inquiry, and directed that it get back on its course of liquidating by 1956.

RFC's fate had been that of many a reform agency established during the

depression. Too many people had come to the conclusion it had outlived its usefulness, and its operations came under more and more critical scrutiny.

• **Case Study**—Take the Lustron case, for example. Congress directed RFC to help out prefabricated housing as a way to whip the postwar housing shortage. But when the \$37.5-million loan to Lustron turned sour, RFC got blamed. The charge was politics had dulled RFC's ability to judge loan applications.

There was the Texmass Corp. case. RFC had granted the company a \$10.1-million loan, the first major loan to a company looking for oil. RFC was getting into a new business, Fulbright charged, when it was supposed to be retrenching.

The charge of politics was heard loudest over the \$44.4-million loan to Henry Kaiser for his Kaiser-Frazer Corp. Critics charged that the loan was ordered by New Deal theorists out to use government money to create competition in industry.

And the \$4-million loan to Waltham Watch Co. had RFC in court in Boston answering contempt citations for the way it acted toward a court-appointed trusteeship set up to revive Waltham. Answering this action was one of the last acts of the outgoing directors.

Looking over the record, Congress found Hise and Gunderson inept in their choice of ventures to finance and inept in defending their policies. It was out for blood.

• **New Lease on Life**—But the Korean fighting has given RFC a new lease on life. It doesn't have the same opportunity that Jesse Jones had in the buildup for World War II when the sky was the limit. But the job is big enough to keep RFC's magnificent (self-financed) building on Vermont Ave. buzzing for quite a while.

The Defense Production Act now going through Congress (page 19) sets up a \$2-billion borrowing authority which Truman wants to give to RFC to: (1) stimulate private investment with loans and guarantees; (2) develop new resources; and (3) build new plant and equipment.

• **Congressional Favor**—But before RFC can tackle any of these mobilization jobs effectively, it must first resell itself to Congress. Jesse Jones maintained close contact with members of both houses during his regime and was not above sitting in the cloakrooms spinning yarns by the hour. Congressmen needed RFC to pull their districts out of the depression, and Jones needed congressional support for his firm control of the agency.

In 1948, a lot of congressmen wanted to put RFC on a standby basis—to reactivate it in case of another rearmament. Harber, Cosgriff, and Rowe come in at the right time.

# How About a Deferment?

That's a question your employees will be asking more and more often over the next few months. For reservists, all you can do is try; there are no set rules, and exemptions will be tough.

In World War II, most employers could figure fairly accurately when they could get a draft deferment for a key worker and when they couldn't. With a little luck and a general quizzing on ages and dependents, an employer could pretty well tell how many empty seats the draft board would make in his shop.

This time it's different—because of reservists. Almost every company has some key personnel who are on a standby military status. And unless these men hold "critical" jobs, there's practically no way of knowing what day they'll have to clean out their desks and go back into khaki.

• **Prepare to Lose**—Between now and mid-October, a mass of active-duty calls will be going out to reservists—to men in the front office, the production line, the supply and clerical departments.

Most of these calls will be for Army, Air Force, and Marine personnel. In just the last two weeks, the Army has started orders on the way for 64,000 enlisted reservists and 9,444 officers (not counting calls for organized reserve units). The Air Force has ordered up 50,000 men, not assigned to organized units. The Marine Corps has taken all its organized units and will call 80,000 from the "volunteer" reserve besides.

• **No Rulebook**—As yet, there are no firm rules on which of these people can be deferred. The only sure thing is that reservists and National Guardsmen will be a lot harder to get off the hook than draftees. This means added trouble for management since, in most cases, the older reservists are the trained technicians, not the younger (25 and under) draftees.

A reservist's age will have some bearing on whether he's called, but just how much isn't sure. The military has said officially that it will be extremely hard to delay calls of men under 26 years old. Above 26, it should be progressively easier to stall off active duty. The only definite standards for officers, however, are the age-in-grade requirements. For Army lieutenants or captains, these exempt anyone over 41 from combat service.

• **Individual Cases**—As for blanket deferments in industry, there's no such thing. Each request for a delay in orders to active duty must be considered on its individual merits. And there'll be some instances where you'll lose the argument, even if a man is the kingpin of your whole production setup. That could happen if he's also a critically

short military specialist, say a tank technician, a radar-electronic engineer, a cryptographer, or an air-ground coordinator.

• **What to Do**—The first step in planning a company deferment policy should be to set up a file on each man, outlining the reasons why he should be excused from military service. In the case of reservists, don't try to get them deferred until they get their orders. Even then, you'll still have 10 days to a month to act.

Either the reservists or the employer can fill out the actual deferment request. The longest delay you can ask for (and get) is six months, with a chance of an additional six months extension. After that, you'll have to go through it again.

• **Essential, Irreplaceable**—Information you send along with the request should show that the reservist can't be replaced and that he is engaged in a civilian occupation "highly essential . . . to the national health, safety, or interest" of the U.S. The Labor Dept.'s list of critical occupations (BW-Aug. 12 '50, p22) and the Commerce Dept.'s list of essential activities are the yardsticks used by the military in deciding whether the job and industry are both essential. Both lists are preliminary at this stage.

Where you send request for a de-

ferred call depends in each case on the reservist's branch of service. Here is the procedure you should follow in each case.

- Army—through the unit commander (if organized reservist) to the commanding general of the army area where the reservist lives.

- Navy—to the Chief, Bureau of Naval Personnel. For nonaviation reservists, route the request through the local naval district commandant; for aviation reservists, through the Chief of Naval Air Reserve Training, Glenview, Ill.

- Air Force—to headquarters, the local numbered air force.

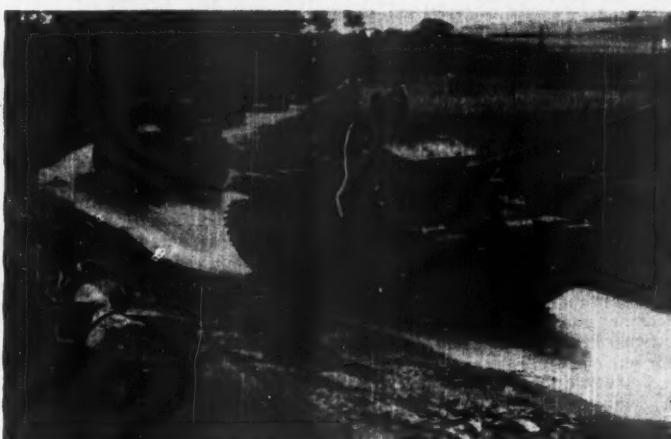
- Marine Corps—to the colonel in charge of the local reserve district.

- National Guard—to the adjutant general of the state concerned.

Procedures for appealing adverse decisions are being worked out right now by the three services. Like initial requests, appeals can be made by either the reservist or his employer.

• **Reserves Are Reserves**—One thing to remember in formulating your deferment policy is that it doesn't matter whether an employee is an active or inactive reservist. Inactive and "volunteer" reservists are being called right along with organized reservists (those in regularly meeting paid reserve units). Further, any World War II officer is in the reserve unless he submitted his resignation and it was accepted (a rarity).

With enlisted men it's the other way around—they were discharged and had to take positive steps to get into the reserve. Unless they did, they're not subject to call. An act of Congress, however, could change all this.



## Giant British Tanks Out for Test

The "Centurion," a 50-ton, heavy-gunned super tank, is Britain's latest entry in the race for armored supremacy. The tanks are

powered by a 635-hp. engine, adapted from a Rolls Royce aircraft engine. Here, a column of them lumber to the testing ground.



KOPPERS' Breton Somervell



WESTINGHOUSE planner Bucher

## Industry Makes Its War Plans

**Koppers, GE, Westinghouse, Ford, and a lot of other companies and industries are setting up their own programs to make sure they get contracts and the materials and men to carry them out.**

U.S. industry isn't waiting for total mobilization to do its war planning. Major companies and industries all over the country are setting up programs to make sure that if a full-scale war starts they will be ready to take war contracts and get the materials and manpower necessary to deliver on them. Those that already have set up mobilization plans are getting them out of the mothballs and updating them.

**Koppers Co.** was probably the first company to draft a special plan for war operations. Its program was begun Sept. 1, 1947. One big reason for its early start is that the company's president is Breton Somervell, the Army's supply chief during the last war.

Under the plan Somervell serves as the company's industrial mobilization director. Other top brass make up the rest of the program's staff. The plan covers the entire production potential of the company as well as individual divisions and plants. Koppers' planners have drawn up a list of plant allocations, tentative production schedules, and additional equipment that may be needed for war output.

Every year, the plan is brought up for a review to make sure that it is up to date. This year's review was completed last month, so Koppers is ready for action.

**General Electric Co.** put a similar plan in operation in March, 1948. GE already is using 20% of its capacity for military orders. The company's present planning is handled by a defense proj-

ects committee composed of representatives of all GE units and headed by Chester H. Lang, vice-president. The main job of the group is to keep in touch with the Munitions Board in Washington and determine how the entire company and its various divisions can fit in with the board's plans.

**Monsanto Chemical Co.** started its own mobilization program a couple of weeks ago. The company sent Francis J. Curtis, vice-president and chairman of the executive committee, to Washington. Curtis now carries the title of director of industrial preparedness. He and his assistant will have the job of seeing that Monsanto gets the materials and manpower it will need to produce its share of military orders.

**Westinghouse** has appointed George H. Bucher, its vice-chairman, to deal with the Munitions Board and other government agencies that set policy on handing out contracts and materials. Almost two years ago, Bucher set up a plan that could convert all 68 of Monsanto's plants to war production almost overnight.

**Ford Motor Co.** has organized a defense production division to deal with government agencies and coordinate the company's war activities. Head man of the Ford plan is Richard E. Krafte who used to be with the management division of the Army Service Forces and then with the Army headquarters in Germany.

• **Ore Speedup**—Tight supplies of iron ore this season have put the steel in-

dustry on guard. Last week, the industry hurriedly put together a special committee to speed up movement of ore on the Great Lakes. Clifford L. Wyman, former manager of mining operations sales of Butler Brothers, is running the group. It is composed of representatives of steel, coal, shipping, and other industries.

The petroleum industry has been all set for mobilization since the end of the last war. It has had standing committees since then. Major oil group is the National Petroleum Council, which has been meeting regularly with Washington bigwigs.

The electronics industry got into the act last week with its own committee to work with the government on war contracts. Just a few weeks before, the Radio-TV Manufacturers Assn. decided against such a move. But electronics men made a fast switch when they began to realize that others would be getting the materials they need.

• **City Plans**—One of the first cities to set up a program of its own was Charleston, S. C. The Charleston Development Board sent out questionnaires to all local manufacturers asking them what facilities they have for handling war contracts. Once these results are tabulated, the next step will probably be to send representatives to Washington to make sure that local manufacturers get enough contracts to keep them going at full speed.

## RFC Gets Court Slap, \$50,000 Fine Ordered

RFC's stand on the Waltham Watch Co. may cost the agency a pretty penny—\$50,000 in fines.

In July, Judge George Sweeney of the U.S. District Court in Boston directed the trustees of the newly reorganized company to take over the Waltham property and run it. He ordered RFC to hand over the estimated \$4-million inventory it had been holding since last February, when Waltham had to close for lack of funds. Along with the inventory, RFC was to deliver some \$500,000 in cash held as collateral on its \$4-million loan to the company.

RFC appealed the court order, but lost out. It surrendered the inventory to the new trustees (BW—Aug. 12 '50, p28). But RFC refused to turn over the cash. It said these assets belonged to it as payment on its loan to Waltham.

The company said the inventory wouldn't do it any good unless it got the cash, too. The court held RFC in contempt, slapped on a \$50,000 fine. Then this week, the court dropped the fine payable to Justice, made it a "compensatory" one for Waltham's trustees. RFC will appeal again.

## **In Times of Stress—**

# **America is Fortunate In its Warehouse Steel Service**

In national emergencies America is fortunate in having a well developed steel warehouse industry with facilities strategically placed throughout the nation—taking care of the day to day requirements of steel users.

As you know, the steel distributor serves as a collective source making steel quickly available to all industry—and thus reducing the need for larger individual inventories. In this way the greatest turnover is developed and a maximum tonnage is always in use.

Naturally only a portion of our country's production requirements can be served from warehouse stocks but very often top production can be maintained only through quick shipments of steel that is missing. The essentiality of these warehouse services has

been proven again and again—in every national emergency.

Here at Ryerson, the Korean situation has naturally increased the demand for steel. Requirements, growing directly and indirectly out of the new conflict, are adding to the tremendous demand that has existed—almost entirely without let-up—since the beginning of World War II.

In spite of this increased pressure, we are making every effort to serve steel users promptly. In times like these, shortages are inevitable. But we do have a large though uneven stock on hand in our nation-wide steel service plants. So for any steel you need, contact your nearby Ryerson Plant. We'll do our level best to fill your order.

**PARTIAL LIST OF PRODUCTS — BARS • STRUCTURALS • PLATES  
SHEETS • TUBING — IN CARBON, ALLOY & STAINLESS QUALITIES**

# **RYERSON STEEL**

**STEEL-SERVICE PLANTS AT: NEW YORK • BOSTON • PHILADELPHIA • DETROIT • CINCINNATI • CLEVELAND  
PITTSBURGH • BUFFALO • CHICAGO • MILWAUKEE • ST. LOUIS • LOS ANGELES • SAN FRANCISCO**

# Why They Went to Oklahoma

WITH  
**H. K. PORTER  
COMPANY, INC.**

**IT WAS**

*Part of the Area*



T. M. EVANS\*  
President  
H. K. PORTER COMPANY, INC.  
says:

"The rapid growth of Oklahoma and the Southwest in the past decade naturally attracted the attention of the executives of H. K. Porter Company, Inc., and in 1945 the Company acquired the Hinderliter Tool Company, Tulsa, Oklahoma, a well-established and respected name in the field of oil production equipment manufacture."

"In 1949, H. K. Porter Company, Inc. acquired the Jarecki Manufacturing Company with oil field supply stores in four southwestern states and the manufacturing of Jarecki Valves was moved from Erie, Pennsylvania to Tulsa. Equipment and key personnel of the Brake Equipment and Supply Division were transferred from Chicago to Tulsa to better serve the railroads and oil industry of the Southwest."

"Outside of normal economic factors favoring these moves such as nearness to market, plentiful supply of raw materials, labor, etc., Oklahoma offers in addition a favorable climate, a solid citizenry, skilled tradesmen, imagination, expansiveness, and a general feeling that all is well with the world."

\*Above statement a direct quotation in Mr. Evans' own words.

FACTORS FAVORING  
BUSINESS EXPANSION  
IN OKLAHOMA

JARECKI

Oklahoma has many business advantages in addition to those which appealed to H. K. Porter Company. Send for this book of information which describes graphically, 12 of this state's favorable factors. A special confidential survey report relating to your own business will be prepared on request.

IN THE SOUTHWEST

OKLAHOMA

PLANNING AND RESOURCES BOARD  
STATE CAPITOL BUILDING  
OKLAHOMA CITY, OKLAHOMA

## BUSINESS BRIEFS

July housing starts hit 144,000, a new monthly record. That puts the total for 1950 at 838,000 so far, or 54% above the first seven months of 1949.

**Off the hook:** NSRB and the Munitions Board won't have to divert Shasta and Keswick Dam power to expand aluminum production (BW—Aug. 12 '50, p28). The government got around it by selling its Riverbank (Calif.) plant piecemeal to four companies. An earlier plan called for moving the plant wholesale into the Shasta-Keswick area.

**Charles Luckman**, once top man at Lever Bros., started out all over again—in architecture (he majored in architecture at the University of Illinois). Luckman became a partner in a firm headed by an old classmate, William Pereira, now a Los Angeles architect.

**TWA** gave up its fight against the PanAm-AOA merger after a court-of-appeals ruling backed the consolidation. TWA will now start work toward adding London and Frankfurt to its European system, as provided in the merger terms.

**CBS's color-TV system** will be on the market this fall in industrial-television equipment made by Remington Rand under an arrangement with the broadcaster. CBS won't admit the move has anything to do with consumer color TV. But it's obvious the equipment will provide at least a limited operating tryout for the CBS system.

**Plant conversions** have already started in the wake of war orders. Iron Fireman Mfg. will move most of its oil burner manufacturing from Portland, Ore., to Cleveland by Oct. 1. The reason: stepped-up subcontracting for Boeing. . . Cadillac this week took over the World War II bomber plant near Cleveland's municipal airport and is converting it to tank production.

**A life-insurance savings plan** will be started in California next week by the Bank of America. It involves a set savings program, plus free life insurance protection if the program is completed.

**Ore-carrier orders** went out from Big Steel for its three new lake ships (BW—Aug. 12 '50, p26). American Ship Building will build two of the ships, Great Lakes Engineering the third. Manitowoc Ship Building got the order for the self-unloader, which goes to Big Steel's Bradley Transportation Co.

this metal heals its hurts  
before they happen



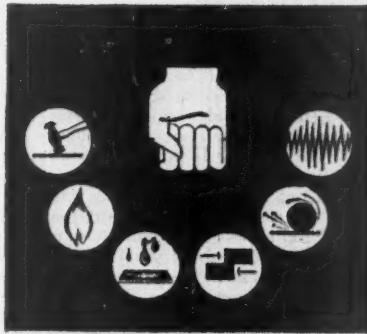
**when regular lubrication fails, "Tiger" Bronze  
lubricates itself to prevent damage**

One of our Sales Engineers recently reported . . . "The inexperienced maintenance man bolted down the bearing housing so tightly that the film of lubrication between shaft and bearing squeezed out. The equipment started up.

"Five long minutes of dry, metal-to-metal operation passed before the smoking bearing signalled shut-down. Examination showed the expensive steel shaft was unharmed because the lead content of the 'Tiger' Bronze bearing had sweated out and plated the running surface, cushioning the shaft and preventing seizure."

"Tiger" Bronze is hard enough to carry heavy bearing loads without distortion. It is soft enough to embed foreign particles that would otherwise score the shaft. It will stand severe shocks and pounding, both constant and intermittent. "Tiger" Bronze is easy to machine at speeds as high as 3000 f.p.m., and requires no lubricants or coolants when machining.

"Tiger" Bronze is available in cored and solid bars, as cast or machined, in popular sizes for *direct* shipment at substantial savings. Write Dept. A.



**AMERICAN  
Brake Shoe  
COMPANY**

230 PARK AVE., NEW YORK 17, N.Y.

Copyright 1950, American Brake Shoe Company

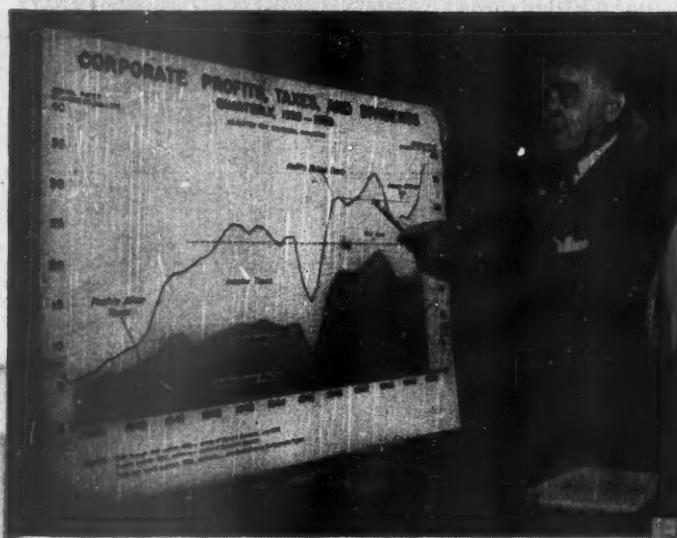
10 Divisions of American Brake Shoe Co. produce wear-resisting parts in 20 American and Canadian plants.

AMERICAN BRAKEBLOK DIVISION • AMERICAN FORGE DIVISION • AMERICAN MANGANESE STEEL DIVISION

BRAKE SHOE AND CASTINGS DIVISION • ELECTRO-ALLOYS DIVISION • ENGINEERED CASTINGS DIVISION

KELLOGG DIVISION • NATIONAL BEARING DIVISION • RAMAPO-AJAX DIVISION • SOUTHERN WHEEL DIVISION

# TAXES



SEN. O'MAHONEY urges progressive tax rate on excess profits in Senate hearing.

## Whose Excess-Profits Tax?

**Corporations will pay one next year—though how much is still a question. "Normal" profits may be figured at around 90% of 1947-49 earnings. Tax rate will probably be lower than 95%, at first.**

The only sure thing about an excess-profits tax is that your company will pay one on next year's income.

As yet, there has been no word from the White House or the Treasury on details. Still unsettled are such questions as these:

What will the base period for normal earnings be?

How high will the rates go?

But while the Administration has held its tongue, congressmen and private organizations have not. Tax-writing committees on Capitol Hill have been swamped with suggestions ranging all the way from reimposition of the World War II tax to substitution of a contract-renegotiation program. Chances are that Congress will adopt no one of these suggestions whole. But provisions of some are sure to end up in the final law. So it's worth taking a look at the schemes Washington is now poring over—including the last war's levy.

### I. The World War II Law

During the last war, taxpayers had the choice of figuring their excess-profits taxes in either of two ways—

choosing whichever gave a lower tax:

- Average yearly profits for the years 1936 to 1939 could be used to compute "normal" profits. "Normal" profits—those not subject to excess-profits tax—were figured at 95% of the average profit during the 1936-39 period.

- Invested capital could be the base. In figuring invested capital, a company added the full value of its equity capital to half the face value of borrowed funds. To figure normal profits, it just applied a scale of percentages to this capital base.

Then a normal profit was: 8% on the first \$5-million of capital, 6% on the next \$5-million, and 5% on any capital over \$10-million.

Everything above normal income plus a \$10,000 exemption was considered excess profits. It was subject to a 95% tax. There was this limit, though: Normal and excess-profits taxes combined could not exceed 80% of net income.

To soften the impact, the government gave corporations a postwar refund of 10% of the excess-profits tax. This in effect brought the rate down to 85.5%. In addition, Congress pro-

vided various kinds of relief for companies that were too hard hit by the operation of the law.

### II. Eberharter's Scheme

Back in April, Rep. Herman Eberharter introduced an excess-profits tax bill.

His plan followed the lines of a bill drawn up by the Treasury and presented to the last Congress by Rep. John Dingell. Eberharter would keep the 1936-39 base period for computing "normal" income, though he would allow for a 40% enlargement to offset inflation. And he would up the \$10,000 exemption to \$50,000 for established corporations, to \$100,000 for new firms.

Net excess profits would be subject to a maximum tax of 50%—instead of 95%—and no postwar credits would be granted.

Eberharter's proposal would have netted the Treasury around \$3-billion a year. That would hardly pay for today's stepped-up military program. But it could qualify as a starter—a stopgap until a stiffer tax seemed in order.

### III. O'Mahoney's Proposal

Since Korea, the first detailed proposal for an excess-profits tax came from Sen. Joseph C. O'Mahoney. The senator suggested a levy that would be retroactive to July 1 and would raise \$2-billion on 1950 income. For succeeding full years, the take would be \$4-billion.

O'Mahoney's plan is a modernized version of the World War II tax. The one big change is this: Rates on excess profits would be graduated and fully progressive—not a flat 95%.

O'Mahoney, too, would allow an exemption—a flat \$25,000. Then to figure normal profits, he would take 75% of average earnings for the years 1947 to 1949. (Or, as before, a company could use a percentage of invested capital.) Net income above that amount would be subject to the excess-profits tax—at these rates:

Above 75% of the base but below 90%, the tax would be 65%.

Between 90% and 100% of the base, it would be 75%.

Between 100% and 125% of the base, there would be a tax of 90%.

Above 125%, the rate would be 100%.

O'Mahoney would keep the top limit of combined normal and excess tax to 80% of net income. But he would grant no postwar refund.

### IV. AFL Proposal

The American Federation of Labor, the Congress of Industrial Organizations, and some of the railroad brother-

# There's a *Century* MOTOR To Supply Dependable Power For All Popular Applications

## POLYPHASE



### Type SC—OPEN PROTECTED

—For J, general purpose motor—meets the needs for most installations where operating conditions are relatively clean and dry. The top half of the motor frame is closed to keep out falling solids or dripping liquid.



**Type SC—SPLASH PROOF**—gives the necessary protection where plants must be washed down—keeps water out of the motor even when a hose is applied directly on the frame. Also provides protection against rain, snow, sleet and ice for outdoor installations.



**Type SC—TOTALLY ENCLOSED FAN COOLED**—protects against dusts, mist or fog detrimental to the vital parts of the motor. The inner frame protecting the motor is sealed to keep out harmful matter.



**Type SC—EXPLOSION PROOF**—protects against atmospheres charged with explosive dusts or gases. They carry Underwriters' label for specific kinds of hazards.



**Type SR—SLIP RING**—wound rotor motors are suitable for applications requiring low starting current with high starting torque, reversing, or adjustable speed.



**Type SY—SYNCHRONOUS MOTORS**—suitable for continuous operation at a uniform load for power factor correction.

## SINGLE PHASE



**Type RS—REPULSION START INDUCTION**—single phase brush lifting motor suitable for applications requiring high starting torque with low starting current.



**Type CSH—CAPACITOR START INDUCTION**—single phase motor suitable when high starting torque with normal starting current is required.



**Type SP—SPLIT PHASE, INDUCTION**—single phase motors—suitable for light starting duty.

## DIRECT CURRENT



**Type DN—DIRECT CURRENT MOTORS**—suitable for use where direct current is available or its use desirable.

These illustrations are typical of Century's complete line of motors. Others available include gear motors, generators, AC and DC motor generator sets.

Specify the right Century motor for all your electric power requirements.

Popular types of standard ratings are generally available from factory and branch office stocks.

## CENTURY ELECTRIC COMPANY

1806 Pine Street  
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. . . tell him to drop in at the local Marine Midland banks. The people there will help him get acquainted!"

There are many ways in which the local knowledge of Marine Midland banks can benefit you when your company has an account with The Marine Midland Trust Company of New York.

The officers of the Marine Midland banks that serve 49 New York State communities know local industry, business and people. Let us show you how you can use this knowledge to save your time and money!

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**MARINE MIDLAND  
TRUST COMPANY**  
*of New York*

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hoods have all come out for an excess-profits tax. But, so far, only AFL has formulated anything like concrete suggestions. And even these are still pretty nebulous.

The AFL proposal harks back to the Dingell and Eberhardt bills. Calculations of normal profits would involve use of a 1936-39 base, inflated by 40% or 50%. All corporations would get an exemption higher than the last war's \$10,000 but maybe not as high as Eberhardt's \$50,000. New companies would get still another break.

AFL spokesmen think that a 95% tax rate on net excess profits isn't needed—at this time, anyway. They figure 50% or 60% would do right now; a higher figure could be imposed later if the services step up their spending program.

### V. The NAM Proposal

The National Assn. of Manufacturers has a plan that it thinks is better than an excess-profits tax. NAM would slap on more general excises and raise current corporate tax liabilities by a flat percentage.

To keep profits in line, NAM advocates tighter procurement policies and more aggressive renegotiation.

### VI. Which One?

The excess-profits tax Congress will write next year won't be as mild as the mildest of the proposals above or as tough as the toughest.

The base is sure to include two or all three of the years 1947-49; the tax experts have convinced the legislators that too many changes have taken place in the last decade to permit a return to a prewar base.

On the other hand, the bill drafters are sure to insist on some deflation—though not as far down as O'Mahoney's 75%. To exempt amounts equal to all of 1947-49 earnings would cost too much in revenue. So a figure of 90% seems likely.

There will certainly be an excess-profits exemption for all corporations, probably more than the last war's \$10,000—about \$20,000 or \$25,000 seems in the cards.

The excess rate may not be put up to 95% right away. A lot of congressmen think you don't have to get that drastic in what may still be a limited emergency. It would be easy enough to raise the rate later, when and if conditions change.

Congress will try hard to avoid all the litigation the excess-profits tax bequeathed after the last war. Ways & Means Committee members are saying that special relief provisions caused all the trouble. Next time, they may not try to be so tender with hardship cases.

## Currency Losses

If you lose money due to changes in currency conversion rates, it's an ordinary loss, Tax Court rules.

If a firm doing business abroad can't eliminate losses on currency conversion, it can at least deduct the losses from other profits.

That's the substance of a decision recently handed down by the U.S. Tax Court.

• **Up in the Air**—The issue has been up in the air ever since foreign countries adopted exchange controls to conserve dollars. For a while this year, there was talk that Congress might settle the problem by passing a bill drawn jointly by the Treasury and State Depts. (BW—Jan. 28 '50, p74). But no action was taken. And now the Tax Court's ruling may make it unnecessary.

• **The Case**—The case on which the ruling is based involved a contractor engaged in construction and general engineering work in the U.S. and abroad. Years ago, he contracted with a Peruvian corporation to build a country club near Lima. When work stopped, the corporation owed the contractor 1,836,000 Peruvian soles. At the rate of exchange in effect at the time, that was \$734,000. Under U.S. law, the contractor had to report this as income.

But the contractor had trouble collecting. When the corporation finally paid 1,642,000 soles, the conversion rate had dropped. So the contractor realized only \$281,000.

• **Second Chapter**—The contractor had similar troubles on a school-building job for the Chilean government. Before work started, Chile agreed to make all payments in pesos with a guaranteed exchange value of slightly more than 12¢ per peso.

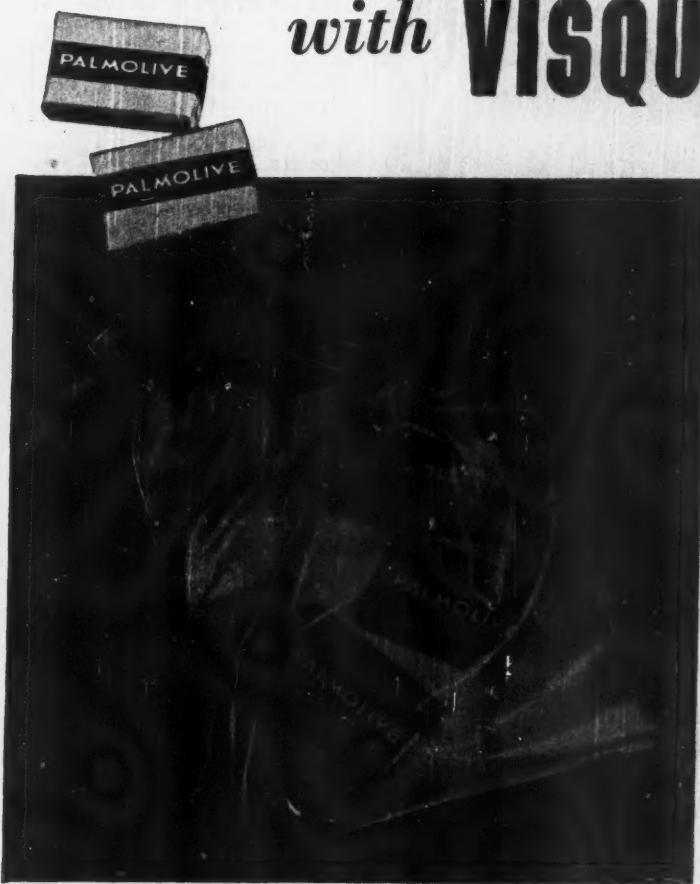
When Chile defaulted on installation payments, the contract ended, with the government owing more than eight-million pesos, or \$711,000. Again, that was income for U.S. tax purposes. The contractor never collected the full amount of pesos. And what he did collect was convertible at far less than the rate he had been promised. He realized less than \$200,000.

In filing his tax returns, the contractor tried to offset his losses by:

(1) Deducting the difference between what he would have realized if both contractors had paid up promptly and what he later obtained at depreciated rates.

(2) Treating the loss as an ordinary, rather than a long-term capital loss. The latter could only be used to offset

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WHEREVER THERE'S  
BETTER LIVING . . .

\*TM



an equal amount of capital gains—but an ordinary loss could be used to offset any income.

(3) Carrying over part of the loss to wash out taxable profits of later years.

• **BIR's Decision**—The Bureau of Internal Revenue refused to allow the bulk of the loss claims. BIR's reasoning: Since the bulk of the debts were actually paid, though in local currency, there was no operating loss. Any loss was speculative due to a change in value of the asset held; therefore, it was a long-term capital loss and not subject to a carryover.

• **Tax Court Rules**—The Tax Court ruled in favor of the contractor. Reasons: The contractor was not in the foreign-exchange business; he didn't hold the currency, but converted it as soon as he could. The losses were incurred in the course of carrying on his usual business. Therefore, the tax consequences—and the losses—could be handled in the usual way. (The Foundations Co. v. Com. 14 T. C. No. 153)

### Quick Write-Offs

Accelerated amortization of plant and equipment is sure to be revived—but probably not until spring.

Accelerated amortization of factories and equipment is coming back again. It's going to provide a breath of tax relief for businessmen who set up or expand plants to handle military contracts.

Don't look for action right away, though. There will be a lag of several months before defense orders can be translated into need for new productive capacity, and perhaps some time after that before the tax legislation goes through. But when the need is known, the system that worked so well during World War II is sure to be revived.

Chances are that liberalized depreciation allowances will be written into the new, permanent tax bill Congress will draft next spring. The provision will probably be couched in language identical with that of the last war's law. Treasury Secretary Snyder has said he sees no reason to change.

• **Short Life**—Last time, accelerated amortization was designed to enable a business to write off—entirely out of wartime profits—a plant built for war purposes. The theory was that a factory might be useless when the fighting was over. This wasn't necessarily true, of course, but Congress wanted to give businessmen all possible protection and the benefit of any doubt.

The law permitted a business to

# No packings ... no power



To satisfy industry's appetite for power, an appet-

ite which is shared by America's homes, central power plants are planned carefully. One detail that engineers never overlook is the packings involved in the equipment. For mechanical packings which seal in pressure are important to efficient power plant production. R/M makes top-quality packings for the many different types of equipment which a typical central station operates . . . generators, burners, heaters, pumps, valves, condensers, refrigeration compressors, and so forth.

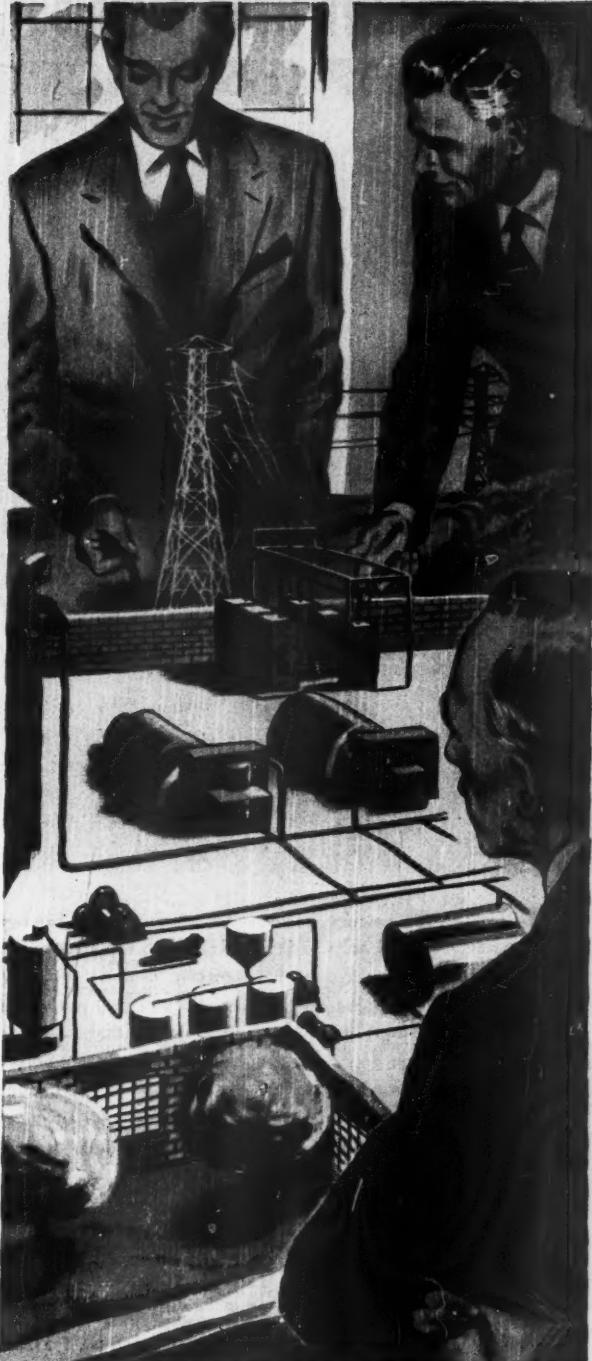
Wherever gases, acids, sewage, oil, wine, steam, water, and other fluids are pumped under pressure, an R/M packing will be found at work. It might be an asbestos, graphite, and wire packing scientifically compounded to withstand high temperatures. It might be a gasket cut from asbestos sheet packing with a tensile strength up to 10,000 pounds per square inch. It might be R/M's new plastic packing with an exceptionally wide range of applications. Or it might be any one of hundreds of other R/M mechanical packings.

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**Buffalo Flat Suspended  
Lowboy with Filter Box  
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Fresh Air — Supplying  
Warm, Clean Make-Up  
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Now is the time to make plans for adequate plant heating next winter! "Buffalo" BREEZO-FIN HEATERS, top left, operate on 2 to 100 lbs. steam pressure, have efficient "Buffalo" BREEZO FANS and adjustable louvers to throw plenty of heat just where you want it. For suspended installation, taking no floor space. 20 sizes. And for large floor areas, "Buffalo" HIGHBOY and LOW-BOY HEATERS provide both healthful heating and ventilating. Standard, sectionalized construction allows moving all units into your building through standard doorways. Ideal for duct distribution. WRITE FOR DETAILS NOW—be ready for winter heating problems!

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VENTILATING AIR WASHING AIR TEMPERING INDUCED DRAFT EXHAUSTING  
FORCED DRAFT COOLING HEATING PRESSURE BLOWING

write off war plants and equipment either over five years or by six months after the end of hostilities—whichever gave the better break.

In peacetime, the life of a machine tool, say, might have to be set at 10 years for tax purposes. The owner, in computing taxable income, would be entitled to deduct 10% of cost each year as a business expense.

Under accelerated amortization, the tool's life would be set at five years, with 20% deductible each year. But if hostilities officially ended two years after the machine was built, the owner could recompute the depreciation for the past years and arrive at an annual rate of depreciation of 40% or 50%. Then he could collect tax refunds.

- **Not So Plush**—A law that permits stepped-up write-offs probably won't benefit as many companies this time as it did in World War II. That's mainly because there will be less private building. The government is almost sure to take the biggest role in creating new capacity. There are \$2-billion in the Defense Production Act of 1950 for just this purpose.

Still, for the company that does add to plant, accelerated write-offs will be mighty attractive. During a war period, income before taxes would increase, and so would the tax rates. Consequently, there would be every incentive to get additional charge-offs. A company would be far ahead in the long run by taking these charge-offs, assuming that the tax rates would eventually return to peacetime levels.

- **Mechanics**—Here are the mechanics of the accelerated amortization plan as it functioned during the war—and as it will probably be set up again:

A contractor would get a military or essential civilian order that he couldn't fill with existing facilities. So he would decide to build a new plant or expand the one he had. To make sure he got the privilege of speeding up his charge-offs, he would ask the procurement agency with which he signed the contract to provide him with a certificate of necessity.

There was rarely any fuss. After a routine investigation, the agency would issue the certificate. At one point in the war, however, the War Production Board decided that this control over plant-building shouldn't be left to such varied agencies as the Army, the Navy, the Maritime Commission, and the Treasury's old Federal Bureau of Supply.

WPB centralized this planning and delegated to the Commerce Dept. the sole power to issue certificates of necessity. And that's probably what will be done next year.

Once the certificate has been issued, the contractor just holds onto it until income tax time rolls around.



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*of Paramount*

*auditions Bob Hope*

*over his*

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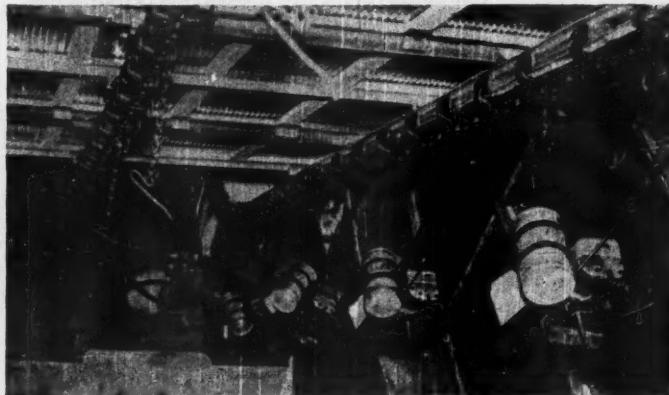
# PRODUCTION



Many executives have found that clean, fresh cotton uniforms give employees a sense of physical well being that inspires better work, increases production. Personal cleanliness stimulates an active interest in plant neatness, and in pride of service or product. It means higher standards of health protection, lower rates of absenteeism.

Give YOUR business the benefit of clean, fresh cotton uniforms, towels, and other supplies which are available on a service basis through local Servilinen companies. Check your telephone directory today — call a linen supply firm in your city for full details.

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HOOK-CONVEYOR carries lightweight engines, complete with gas tanks, almost straight up to second floor at Cushman motor-scooter plant. Here they'll be tested and painted.



COMPLETED SCOOTERS, still riding high, arrive at crating and shipping point where they are made ready for trip by motor trailer from Lincoln, Neb., to 50 distributors.

## Scooters Ride High at Cushman

Overhead conveyors, assembly-line methods, help make Cushman the leader among U.S. motor-scooter manufacturers.

War talk has brought a sellers' market in automobiles; it has also started a boom in the motor-scooter field. Last week, Cushman Motor Works, Inc., at Lincoln, Neb., decided to go on a 48-hr., six-day week to keep up with the soaring demand for its new-model motor scooters.

• **Ready**—Cushman is ready for the boom in business. Its president, Robert H. Ammon (cover), has had the company working on "Detroit" principles

for several years. Under its former job-shop setup, Cushman couldn't begin to turn out its present volume—over 10,000 scooters a year. But by scaling assembly-line techniques down to small-plant operation, Ammon has pushed dollar volume up to \$3.5-million a year—90% of it from scooter sales—and steered the company into first place among U.S. scooter manufacturers.

• **Beginnings**—Ammon likes to speak of his company as the "General Motors"

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not  
once  
but  
Twice*

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That's why a Cummins Diesel is an investment that has *greater earning power* for you. The finest of engine-craftsmanship... exclusive Cummins fuel system... and custom-built engines "that fit your job" make a rugged, quality-engineered Cummins Diesel the *better buy for your power needs*.

Contact your Cummins dealer. He has more facts to show you about making more profits with



Diesel power by  
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**CUMMINS ENGINE COMPANY, INC., COLUMBUS, IND.**

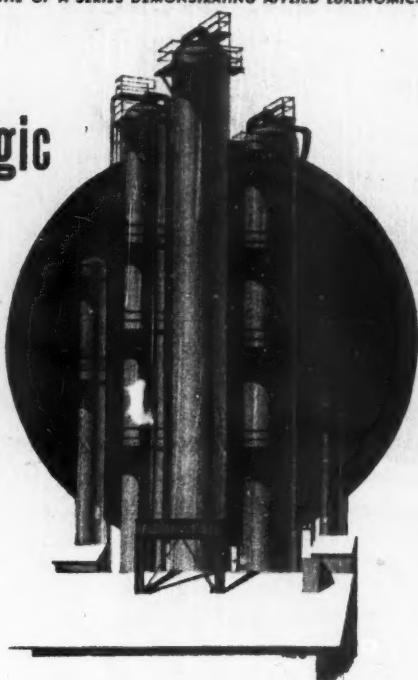
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On-highway trucks - off-highway trucks - buses - tractors - earth-movers - shovels - cranes - industrial locomotives - air compressors - logging yarders and loaders - drilling rigs - centrifugal pumps - generator sets and power units - work boats and pleasure craft.



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# Working Magic With Refinery By-Products



"OPEN SESAME" to wartime aviation gasoline production was alkylation—turning refinery by-products into vital blending agents. Special alkylation units were needed. Design had to be simple and maintenance easy. These problems were solved—economically—for a California refinery through smart designing, materials selection and fabrication. The unit's regenerator-tower of Lukens Monel-Clad Steel controls corrosion from hydrofluoric acid catalyst by inner Monel surfaces; low-cost steel backing provides strength and rigidity. A simple combination reactor-settler, with refrigeration apparatus to remove heat, saves investment and maintenance costs. Now producing alkylates for high octane motor fuel, the unit has increased output and profits.

Petroleum, paper, chemical processing—whatever your industry—similar benefits are yours with modern, efficient processing equipment. And, wherever design, fabrication and materials selection must be critically coordinated, you can find the economical answer in applied Lukenomics. Lukenomics combines the experience of designers, engineers and equipment builders with Lukens' knowledge of materials and their application gained over 140 years as the world's leading producer of specialty steel plates, heads and steel plate shapes.

It's sound investment insurance to put Lukenomics to work on your equipment problems. There are progressive fabricators who can do this for you. Get in touch with them, or write our Manager of Marketing Service, stating your problem. Lukens Steel Company, 483 Lukens Building, Coatesville, Pennsylvania.



BETTER PRODUCTS FOR BETTER EQUIPMENT

of the motor-scooter field. But it took the company 15 years to get to that point.

Cushman originally made only integral horsepower motors, still does 10% of its business in that line. In 1935, Ammon's father, then president of the company, got interested in a scooter a youngster brought to the plant in search of spare parts. The scooter was powered by an old gasoline-fed washing-machine motor. Ammon decided that scooters would be ideal for soaking up some of the company's motor output.

• Makes Its Own—Since then, Cushman has made over 200,000 of the "engines-on-wheels" with a 400-man labor force. But unlike most automotive manufacturers, Cushman makes practically all its own components, buys virtually nothing but raw materials. Exceptions are magnetos and carburetors. Reason: It is cheaper to make most parts in Lincoln than to buy them. According to E. L. Emens, works manager, the company is currently producing over 4,500 different parts, including spares for older models.

Cushman's swing from motor-making to scooter-making is a profitable venture today because Robert Ammon, who became president in 1949, believed that job-shop operations were wasteful and slow, and that assembly-line methods could be adapted successfully.

• Reasons—There were sound reasons for Ammon's belief. First, production can be concentrated on four or five models. (By combining components in different ways, Cushman offers 26 varieties of scooters.) Secondly, the scooter itself—and its parts—is light, can be easily handled by overhead conveyors. Third, manufacture isn't complex, so flexibility in production is easy to obtain. One worker can handle four or five spots on an assembly line. And that has other advantages: each worker has a chance to develop several skills; the monotony of single-station assembly operation is cut down.

• Modernization—Ammon sparkplugged a three-year modernization program (pictures, page 38) which features overhead conveyor handling, roller conveyors, and central storeroom parts handling in which one man keeps 165 machine-tool workers supplied at their stations. Ammon estimates production efficiency of the new setup is 50% better than the job-shop setup. And nonproductive labor is now at a minimum.

In the central storeroom, a single worker loads a tray with raw materials on signal from a machine-tool operator. The tray travels down a roller conveyor, is shunted to the station calling for material by gates that are push-button controlled by the storekeeper. Parts for the assembly lines are held

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● Send me Booklet Y-5 "Now We Really Get Things Done!"

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## Just another pig?

To the city dweller, a pig is a pig. But to the man whose income depends on pork production, the grand champion barrow pictured above is a very special pig indeed.

Though they don't get blue ribbons like pigs do, you can tell champion presses if you know how. In the highly competitive industries, where costs are closely watched and weighed, you'll find Clearing contributing most important press capacity.

That kind of "blue ribbon" is significant. It means dollars and cents to you if you're associated with industrial production. Before you specify or approve the purchase of any more equipment, ask us to supply you with the facts of real press economy.

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in a larger storehouse, also run by one worker. The components, loaded onto trays, move to the line via overhead conveyor as they are needed. Hook-conveyors lug the completed scooters from final assembly to the packing section.

Shipping, too, has been modernized. Cushman ships by motor trailer, has developed an ingenious storage arrangement for fitting 60 scooters on a truck, with spare parts placed in under-belly compartments.

• Model Data—The Cushman scooters range from the 3-hp. economy size that sells for \$203 at Lincoln, plus tax, to a three-wheeled 5-hp. machine that sells for \$434.35. The newest model—the "Eagle"—is a two-wheeled scooter that sells for \$305.75 at Lincoln. It has important mechanical advances: soft coil springing; oversize safety tires; two-speed transmission; front and rear wheel shielded brakes; ball-bearings on moving parts.

Ammon looks to the Eagle to bring in still more customers. Cushman, in taking over about 90% of the entire country's scooter business, has pushed the devices into home, farm, industrial, aviation, and delivery uses. Cushman's latest selling scheme is: "Use a scooter as your second car."

## Fiberglas Strips Save Crude-Oil Storage Tanks

Keeping the bottoms clean on steel storage tanks used for crude petroleum storage is a perennial maintenance job. Water and sulphur products pumped up with the crude attack the metal. So the tank bottoms often need repainting and sometimes have to be replaced entirely.

• Method—But Industrial Service Co., Cushing, Okla., solves the problem with strips of Fiberglas cloth. Such strips are practically impervious to any kind of attack, are often used to protect underground pipe.

When a tank needs repair, Industrial Service scrapes it up as far as the 3-ft. level (the average depth of water and settling in such tanks). The steel is sandblasted and given a coat of enamel. The Fiberglas strips, 18-in. wide and about 6-ft. long, are laid across the tank bottom with a 2-in. overlap. Then a second coat of enamel is applied to the tank bottom.

• Savings—The glass cloth wrapping used is called Corromat. It has a tarry binder, which blends with the enamel to form a smooth coating. Industrial Service estimates that using the glass strips saves about \$1,500 per tank on repainting costs—plus the cost of about 50 tons of steel sometimes needed to replace a tank bottom.

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*Sleep on it... Go Pullman*

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*cost  
reduction  
and  
greater  
production*

### the principal function of mechanical handling

The keen competition characteristic of the automotive industry is common knowledge. Likewise, that industry's ready acceptance of any device or system by which manufacturing costs may be reduced to obtain a price advantage.

Highly important in this respect are devices and systems which combine handling with manufacturing operations to the economical advantage of both—and also which operate without interruptions.

It is significant that the cost-conscious automotive industry, with its highly competent engineering, has consistently absorbed more MHS products than any other. Also that MHS conveyor systems have done much to aid this industry in bringing its costs and production to current levels.

A careful handling survey of your operations may reveal potential savings of considerable size. Such a survey will not cost you anything. MHS Engineers are ready to make one at your request.



**MECHANICAL HANDLING SYSTEMS, INC.**

400 NANCY AVE. • DETROIT 12, MICH.  
Offices in Principal Cities



1 Melter pours sample aluminum alloy ingot from furnace heat at Kaiser Aluminum's Trentwood (Wash.) plant.



2 Sample ingot gets a number. Then it's blown through pneumatic tube (upper right) to the plant's analysis lab.



3 In the lab, technician puts sample on stand. Electric current shot through sample forms color arc identifying alloys.



4 Quantometer analyzes the electric arc. It shows exact chemical composition of the alloy by position of vertical tapes.

## Quick Test of Aluminum Heat

Making a heat of an aluminum alloy is much like cooking a stew. To get just the right mixture, you ought to sample the brew while it's brewing. It's too late to change the recipe after the brew is off the fire. To make these spot checks of an alloy while it's in the furnace, Kaiser Aluminum & Chemical Corp. has worked out a sampling system that takes less than 5 min.

- Lab Check—A sample is ladled out of a furnace, cast into a small ingot, and whisked to the analysis lab through a pneumatic tube. If the sample is just right, metallurgically, the lab signals the melting department to tap the furnace. If the sample doesn't come up to lab specifications, the melters get the word to add a touch of this or a dash of that.

Sometimes, there are as many as 10 alloys added to one heat.

- Time-Saver—The time-saver in the system is an analyzing device called Quantometer (BW-Oct. 18 '47, p66). An electric current passes through the sample to make an arc of several colors. Each alloy makes a characteristic arc of a set color pattern. Quantometer views the color arc and shows the composition of the alloy on a graphic indicator. Actual analysis only takes approximately 30 sec.

Without Quantometer, the same analysis would take about two hours. Pre-measured amounts of metal would have to be charged into a furnace, mixed, and poured into an ingot. Then a sample of the heat would get a lab

*The answer to the nation's need  
for fast industrial construction!*

**STRAN  
STEEL**

# QUONSETS

FOR FACTORIES • WAREHOUSES • MACHINE SHOPS • STORAGE BUILDINGS



5 Acres of Quonsets

Typical of Quonset's easy adaptation to industrial needs, the National Steel Products Company's new Houston warehouse, completed this July, covers over five acres.

**TODAY'S** urgent construction jobs can be completed *faster* with Quonset buildings.

Quonsets give you more than speed. You get maximum economy of material, all-steel fire safety, adaptability, construction ease, and the durability of N-A-X alloy steel.

Today's Quonset is the product of widespread experience gained in use by the Armed Forces in World War II, plus experience acquired by industry, agriculture and commerce in peacetime. Under any circumstances, Quonsets are the best bet in buildings.

Quonset dealers are located all over America. For information, see the one nearest you. Or, write us or phone Vinewood 3-8000 in Detroit.

**GREAT LAKES STEEL CORPORATION**  
Stran-Steel Division • Ecorse, Detroit 29, Mich.

The Arco Company, producer of industrial paint, needed maximum fire safety for its lacquer manufacturing division at Cleveland. It chose Quonset buildings, centering production in the Quonset 40x80 in foreground. Nitrocellulose and other combustibles are stored in nearby smaller Quonsets.



An example of Quonset speed

86,000 SQUARE FEET OF STORAGE SPACE COMPLETELY BUILT IN ONLY 45 DAYS — This grain storage depot at Beresford, S.D., was part of last fall's Department of Agriculture program. More than 2,500 Quonsets were erected at 803 different mid-western locations, providing storage space for over 80 million bushels.

**NATIONAL STEEL CORPORATION**



**The Handsome New  
OREO Package**

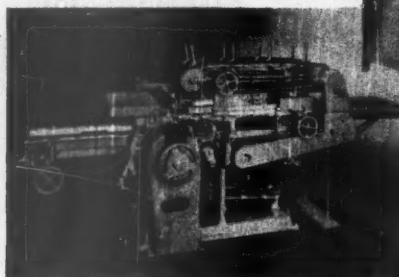


**A complete "PACKAGE" job  
including the Tray**

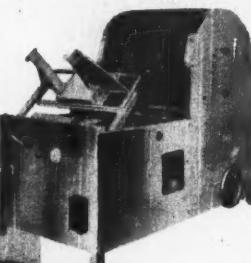
Here's a graphic example of the very complete service the Package Machinery Company can now render packaged goods manufacturers . . . The attractive Oreo tray is formed on our Palmer Continuous Motion Carton Former. The cellophane overwrap is made by our Model FA machine.

We're rather proud of the handsome package that results from this efficient machine set-up . . . And we might also point out that the National Biscuit Company has been a steady user of "PACKAGE" machines for many years.

If you are desirous of finding new ways to a more attractive sales-producing package, made by thoroughly modern cost-cutting machines, your first step should be to consult a "PACKAGE" representative.



*The Palmer Continuous Motion Carton Former produces many different types of cartons at speeds up to 102 per minute. Quickly adjustable for various sizes.*



*The Model FA is the most widely used wrapping machine. It is quickly adjustable and wraps at speeds up to 100 per minute.*

*Write or phone  
our nearest office*

**PACKAGE  
MACHINERY COMPANY**  
SPRINGFIELD MASSACHUSETTS

NEW YORK	CHICAGO	BOSTON	CLEVELAND	ATLANTA	DALLAS
DENVER	LOS ANGELES	SAN FRANCISCO	SEATTLE	TORONTO	MEXICO, D.F.

analysis. If the results should show that the mixture was wrong, the whole batch of aluminum alloy would have to be reheated while the melting department fiddled around some more with the formula.

### Ersatz Hunt

Search for substitutes for strategic materials is on. Government and services make progress in combined program.

If one material is short or on demand for defense, find another. That is the job the materials application engineers are occupied with right now—just as they were during World War II.

The investigations are part of the government stockpiling program. The mastermind of the program is the Munitions Board, working with the Research & Development Board. The Depts. of Agriculture and Interior are in on the job. And the three military services are handling most of the actual work.

• **Different Angles**—The Army is reviewing specifications to see where it could make use of noncritical or nonstrategic materials.

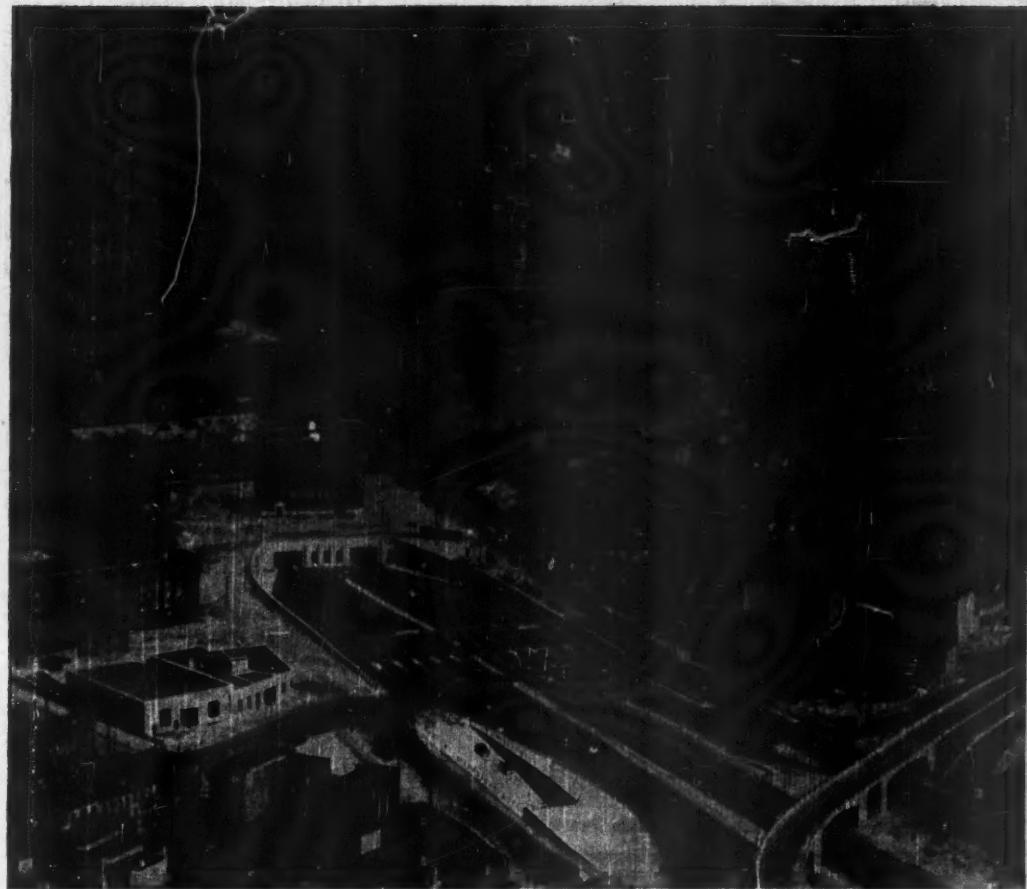
The Navy has a program to encourage redesign of essential parts of ships and components for alternate materials, or to reduce the amount of critical materials required.

The Air Force is going at it another way. Here the emphasis is on using "miniaturized" components (BW-Mar. 11 '50, p75), particularly in the electronic field. Scaled-down parts need less material.

The Interior Dept. is working on metallurgical research at present. Its program consists of three objectives: (1) to improve concentrating and processing to get more metal from the ores; (2) to study submarginal deposits for emergency use; and (3) to study properties and potentialities of alternate materials (titanium for stainless, or zirconium for tantalum).

• **For Example**—The Air Force's study of materials for gas turbine blades is an example of the work being done. Today, these blades consume quantities of extremely scarce alloying metals. So AF is trying to develop ceramic or ceramic-metal combinations that can be molded to the close tolerance shapes—to save machining—and that will be able to stand up under the extreme heats that are developed.

Another example: Military researchers are finding that fibrous glass and synthetic mica can replace asbestos and natural mica for electrical uses. The



## New Tunnel Burrows under East River Linking Brooklyn with Manhattan

Opening of the 1.73-mile-long tunnel between Brooklyn and the Battery, at Manhattan's lower tip, gives the public another link in the network of tunnels, bridges, and express highways to handle the swelling tide of car and truck traffic in the New York metropolitan area. The new vehicular tunnel, second longest in the world, is made up of two parallel tubes, each 31 feet in diameter, and with two traffic lanes. Builders and operators, the Triborough Bridge and Tunnel Authority, look for traffic to reach 16 million vehicles a year.

Basic engineering methods that built the Brooklyn-Battery



Section of one of the two tubes.

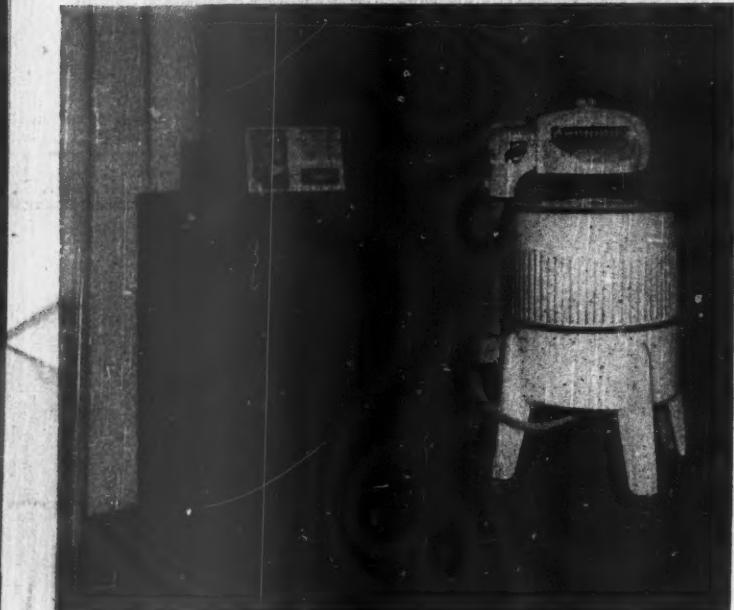
Tunnel were similar to those used in other Manhattan tunnels, both vehicular and railway, with the lining, backbone of each of the twin tubes, formed by bolting together heavy iron segments.

Bethlehem was a pioneer in developing efficient methods of casting and machining tunnel segments on a large-production basis. Our experience in supplying iron segments includes this new tunnel from Brooklyn to the Battery and the Lincoln and Holland Tunnels, and goes back to the earliest tunnel to enter New York, the famous Hudson and Manhattan Tube, which opened in 1908.

**BETHLEHEM STEEL**



# Creative Package Engineering



**this corrugated "spectacular" box**

Attracts attention...advertisises...identifies  
the manufacturer...dramatizes the product—sells.

Engineered to protect its contents, the box saves packag-  
ing time and labor, cuts packaging costs, simplifies  
handling difficulties. Your product is worthy of these  
advantages. For more aggressive package  
action, consult Hinde & Dauch,  
Executive Offices, 5002 Decatur St.,  
Sandusky, Ohio.

H&D®

*Authority on Packaging*

Fact-packed booklet of packaging information "How To Pack It"—  
32 pages of valuable data . . . 80 vivid photos . . . hundreds of  
packaging ideas. Write for your copy.



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Army is trying nitriding as an anti-corrosion coating to cut down on the use of stainless metals. And the possibility of using steel as a substitute for copper in shells is being dug up; in the last years of the last war, quite a bit of information was gleaned that was helpful along this line.

## PRODUCTION BRIEFS

**Housing contractors** face shortages of cement and gypsum board, according to the National Assn. of Home Builders. It's a seasonal shortage. But NAHB says that builders can dry up the supply by outbidding each other.

**Navy's Bureau of Ordnance** is drawing on the last war's \$2.5-million reserve of ammunition for the Korean campaign. Since 1945, about 300,000 tons have been reconditioned annually at a cost of 3% of the replacement value.

**Piping oxygen** to a group of industrial plants in the Houston (Tex.) area is a new project of Houston Oxygen Co. An electrical process separates the oxygen from other elements in the air.

**Flexible plastic pipe** of Carter Products Corp., Cleveland, is in production at the company's new plant at Corsicana, Tex.

**Columbia Steel Co.**, a U.S. Steel subsidiary, leased the government's steel foundry at Pittsburg, Calif. The reactivated plant's annual capacity: 60,000 tons.

**Prettier pictures** come from an improved color video tube, RCA says. A better red phosphor coating on the tube eliminates one of the three color filters and increases light output by two to one.

**Dishwashers and detergents** are the subject of a technical bibliography released by Dept. of Commerce's Office of Technical Services, Washington 25, D. C. Booklet PB-99428 sells for 50¢.

**Mergers and Expansions:** Thompson Products, Cleveland, bought Ramsey Corp., St. Louis, a piston-ring maker. . . . A \$3-million expansion is under way at General Electric's receiving-tube plants at Owensboro, Ky., and Tell City, Ind. . . . Union Carbide & Carbon Corp.'s \$5-million program at Columbia, S. C., means more graphite electrodes or steel makers if TVA will give the company more power.

**FOR BETTER RECORD KEEPING**

**THERE'S NOTHING LIKE**

*Microfilm*

Microfilming is today's quick photographic process for copying records.

**It saves space**, by reducing bulky files to compact rolls of microfilm . . . saves 99½% of space.

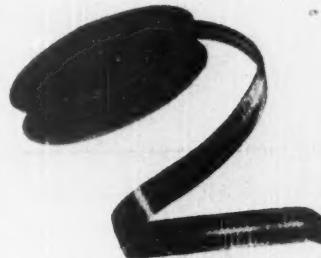
**It saves time**, by copying documents at speeds unapproached by any other method.

**It saves money**, by materially lessening filing equipment, storage and working space requirements.

**It assures accuracy**, by copying original documents completely and with photographic exactness.

**It assures protection**, by safeguarding records against misfiling, alteration or theft.

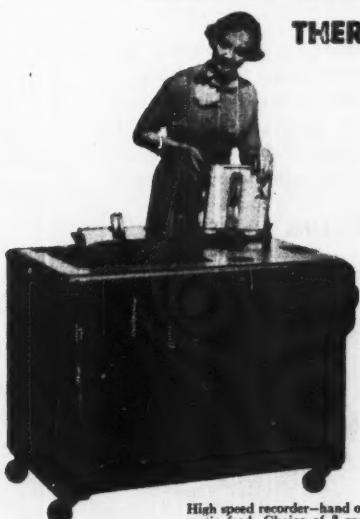
**It simplifies reference**, by facilitating the location of document data.



**FOR THE BEST IN MICROFILMING**

**THERE'S NOTHING LIKE**

*Burroughs*



High speed recorder—hand or automatic feed. Choice of 3 reduction ratios plus the economy of 8mm. photography on 16mm. film.

Burroughs offers you the finest in microfilming equipment precision-built by Bell & Howell, an acknowledged leader in the manufacture of fine photographic equipment.

Burroughs microfilming brings you high recording speeds —up to 400 check-size documents a minute!

Burroughs microfilming brings you the film-saving economy of the greatest reduction ratio obtainable with high-speed microfilming.

Burroughs gives you the economic advantage of outright ownership.

And only Burroughs brings you the benefits of 60 years' experience in mechanizing office methods to insure a microfilming installation that is *right* for your operations.

Burroughs maintains 22 conveniently located laboratories for speedy processing. The Burroughs nationwide service organization insures lasting satisfaction through efficient maintenance of equipment.

For complete information on the advantages of Burroughs microfilming call your nearest Burroughs office, or write—Burroughs Adding Machine Company, Detroit 32, Michigan.

*TWO IMPORTANT NAMES IN MICROFILMING*

**Bell & Howell**  
MANUFACTURER

**Burroughs**  
DISTRIBUTOR

*WHEREVER THERE'S BUSINESS THERE'S*

**Burroughs**

# How to stretch a good

*You can do it with*

## MECHANIZED

MECHANIZED SELLING works for you at a cost you can count in pennies. The results pay off in dollars added to your profit margin! Put the high speed and low cost of advertising to work for you. By quickening the first three steps to a sale (see

chart) MECHANIZED SELLING stretches your sales force—adds precious time to each salesman's day which he can devote to the specialized jobs that he, and he alone, can do best: making a specific proposal and closing the order.

### THAT'S MECHANIZED SELLING AT WORK!

*Have you seen the fast-reading McGraw-Hill booklet "ORDERS AND HOW THEY GROW"? It describes Mechanized Selling in the language of the man who needs it most—your salesman! We'll be glad to send you a copy.*

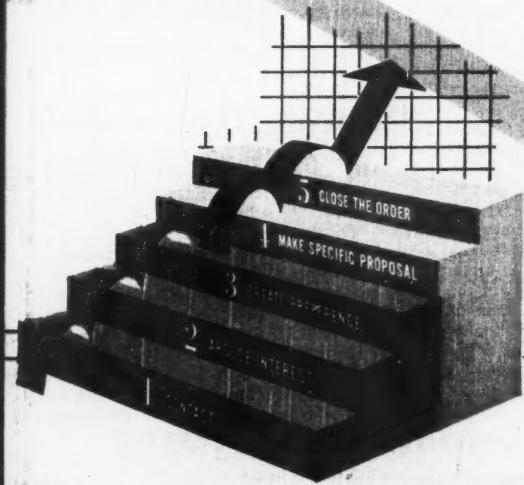
HEADQUARTERS FOR BUSINESS INFORMATION

MCGRAW-HILL PUBLICATIONS

330 WEST 42nd STREET, NEW YORK 18, N.Y.

# salesman

## SELLING



*When advertising is doing its job on steps one, two, and three, your salesman has more time for steps four and five. This is MECHANIZED SELLING at work.*

THE COST of taking your product to market is usually as important in your profit picture as how many units you sell.

A sales budget that has to be stretched to cover outsize selling costs can't help cutting into your profits. That's why your skilled salesman's time is money.

He must use expensive time to the best possible advantage.

You can help him by clearing away preliminary selling chores.

*Envelope*  
**GILBERT**  
*Bond*

**an exclusive Gilbert development in bond paper that assures instant, permanent sealing of envelope flaps**

*Sticks Today! Sticks Tomorrow! Sticks Forever!*



• This new Gilbert Envelope Bond gives you a combination of TWO major advantages never before obtainable in a 25% new-cotton-fibre paper. 1. It permits you to use handsome envelope that matches your fine bond letterhead paper in attractiveness. 2. And, for the first time, it assures instant, positive, permanent sealing of these envelopes by hand or high-speed machine methods.

**Exceptional Gum Affinity** — Gilbert experience and resources have produced a 25% new-cotton-fibre paper to which the gum adheres with tremendous adhesive strength—*instantly and for the life of the envelope!*

**Saves Mailing Time** — Ends annoying, costly failure of envelopes to seal . . . eliminates rechecking operations . . . gets mail out on time without overtime.

**Prevents Loss of Contents** — Gilbert Envelope Bond is strong and tough. No more broken or unsealed envelopes going out, to invite snooping or to permit loss of valuable contents.

**Highly Opaque** — No show-through of contents or messages. Strictest privacy guards your correspondence when you use Gilbert Envelope Bond.

**Matching Appearance** — The new cotton fibres used in making Gilbert Envelope Bond assure beauty and character that match fine bond writing papers.

**No Extra Cost** — This combination of extra features, available in no other envelope bond, is supplied in Gilbert Envelope Bond at regular prices. **Demand this extra value!**

**FREE PORTFOLIO.** Write on your business letterhead for free samples of Gilbert Envelope Bond envelopes and a representative group of all Gilbert Quality Papers.

**GILBERT PAPER COMPANY**

Established 1887 • Menasha, Wisconsin  
BOND • ONIONSKIN • LEDGER • INDEX  
BRISTOL • MANUSCRIPT COVER •  
VELLUM • BLUEPRINT • DRAWING •  
TRACING • SAFETY • SECURITY and  
CURRENCY PAPERS  
25% . . . 30% . . . 75% . . . 100% New Cotton Fibre  
Tub Sized . . . Air Dried.



## NEW PRODUCTS



TWO LOOPS, formed at 45-deg. angles, plus Prestole's sheet metal nut make . . .



FINISHED CAGE nut assembly when both loops are pinched up with pliers.

### Prestole's Cage Nut: You Build the Cage

Prestole Corp. has a new idea for a cage nut that simplifies the assembly of sheet-metal products.

Ordinarily, manufacturers use cage nuts when they have a problem in lining up screw holes in two pieces of metal. The device is simply a bracket, or cage, with a nut in it. The nut will slide back and forth in the cage, which enables the manufacturer to line it up with the screw hole, if the hole happens to be out of position. The usual technique is to spot weld the cage to the sheet metal.

Prestole's technique is to make the cage an integral part of the metal. It does this by punching out two loops in the metal sheet. Then it puts a new, special nut between the loops and pinches the loops together. The nut is then completely caged.

Prestole's nut, which is in production now, has all the advantages of the conventional caged nut. Its main feature, though, is the fact that it eliminates welding and extra handling. The nut fits almost all popular sizes of sheet-metal screws.

• Source: Prestole Corp., 1356 Miami St., Toledo 5, Ohio.

### INDUSTRY USES FUNGICIDES

Cunilate is the trade name for Scientific Oil Compounding Co., Inc.'s group of fungicides, which help preserve textiles, plasticizers, paper, leather, waxes, and paint. They are said to be highly effective, nontoxic, and permanent.

Milmer 1 (copper-8-quinolinolate), main constituent of Cunilate, is not new. Monsanto Chemical Co. has sold it as a fungicide for years. SOC, at the request of the U.S. Air Force, made a soluble compound of Milmer 1, then tested the fungicide for three years.

According to SOC, textiles withstood soil burial, 60 inches of rainfall; ropes and fish nets took continuous underwater immersion. Paper bags and plastic goods, when treated with Cunilate, lasted longer. Paint mixed with Cunilate has been successfully used in dairies to prevent fungus contamination. • Source: Scientific Oil Compounding Co., Inc., 1637 S. Kilbourn Ave., Chicago 23.

### EXPANSION JOINT FILLER

Expansion joints in concrete pavements sometimes get clogged with dirt and gravel. Then they don't expand properly. To head off this kind of trouble, Owens-Corning Fiberglas Corp. has developed a flexible expansion joint filler that keeps out foreign matter. It's made of Fiberglas bonded with resins and blended asphalts.

As the joint widens, the Fiberglas filler expands to more than 70% of its original thickness within one hour. The amount of filler squeezed out at the top of the joint under full compression is only one-quarter of the maximum allowed by most state and federal specifications.

• Source: Owens-Corning Fiberglas Corp., Toledo 1, Ohio.

### CAM VISE IS QUICK CLOSING

The Slide-Set Vise, made by Dodge Mfg. Corp., has a cam that disengages so you can open or close the vise jaws quickly.

To work the vise, the operator gives the handle one-and-a-half counter-clockwise turns. This disengages the cam and puts the vise in "neutral." Then the operator slides the jaws against his work and tightens them with a clockwise turn. It's just as easy to open.

The vise, which Dodge says is as powerful as a conventional vise, has a no-pinch handle to protect the operator's thumb and forefinger. It weighs 58 lb., has a swivel or stationary base, and comes in a 4-in. size.

• Source: Dodge Mfg. Corp., Mishawaka, Ind.

### SPACE-SAVER STORAGE BOX

Collapsible boxes are often hard to put together. But Phillips Mine & Mill Supply Co. has developed a stor-



## Now adhesives do it

New adhesives and new uses for adhesives are being developed so rapidly that one conventional practice after another is being swept away.

There's an Armstrong's Adhesive, for example, that's changing the method used to put up washroom cabinets. Workmen now can adhere mounting plates to the tile, then hang cabinets in minutes after the adhesive has set. There's no drilling, no need for expansion bolts or other mechanical fastenings.

In the printing industry, nails have been used to fasten zinc and copper engravings to wood blocks. Now another Armstrong's Adhesive bonds these engravings directly to wood as well as to metal bases. Still another Armstrong's Adhesive makes mechanical fastenings unnecessary when working with sheet vinyl.

These production improvements may suggest that you, too, might benefit from these newer fastening methods. If so, we'd like very much to discuss your ideas with you. There are many Armstrong's Adhesives. One of them may do the job you have in mind. Write the Armstrong Cork Company, Industrial Adhesives Department, 5008 Reservoir Street, Lancaster, Pennsylvania. These adhesives are available for export.

### ARMSTRONG'S ADHESIVES

by the makers of Armstrong's Linoleum



# It pays to use your custom molder's know-how

...for Lowering Parts and Handling Costs

No. 20 in a Series on Plastics Skill at Work...

**PROJECT:**  
Removable drum and spool holder for dictation-transcription-intercom unit.

**CUSTOMER:**  
Crescent Industries, Inc., Chicago.

**MOLDER:**  
General Die Mold Co.

**MATERIAL:**  
Asbestos-filled Durez black phenolic plastic.

DUREZ PLASTICS BUILT COSTS DOWN. MORE rigid specifications, less finish, greater dimensional stability. Customer says "No rejects."

**CAST METAL TURN-**  
**TABLE required nu-**  
**merous handling op-**  
**erations. It had the**  
**dual disadvantage of**  
**high cost and an ex-**  
**cessive sum of rejects.**

Custom molders of plastics offer you a lot more than specialized plant facilities. Their engineering know-how, production skill, and grasp of design are practical talents that dovetail with those of your own staff. Everywhere you look are examples showing how well it pays to use these services in full.

In this one the producer of "Steno" wire-recording dictation, transcription and office intercom unit solved a knotty parts cost problem. A metal turntable and wire spool holder involved repeated handling in machining, finishing and assembly. Rejects were excessive.

Enter the molder—with constructive ideas on the designs of both the part and the mold, and recommendations for a Durez material best suited to the

job. Because the recording wire is very fine (.004"), the mechanism must always start and stop with unvarying tension. This is assured by the perfectly balanced 320-grain turntable of molded Durez, which serves as a friction clutch.

Molded with .003" tolerance on its full diameter, the Durez part has exceptional dimensional stability under varying atmospheric conditions. Its lustrous, satin-smooth finish is molded in, not added—it costs 30% less installed than the part replaced—and customer rejects are nil.

When you want to act on an idea, call on your molder's experience. Durez engineers will work with you and him. Write Durez Plastics & Chemicals, Inc., 408 Walck Road, N. Tonawanda, N.Y.



PHENOLIC PLASTICS THAT FIT THE JOB

age box that can be erected in less than a minute. It holds 2,000 lb. and 26 cu. ft. of material.

The box fastens with strong latches, is supported by thick legs, has sturdy corrugated sides. In use, it stands 28-in. high, collapses to a space-saving 9-in. height.

\* Source: Phillips Mine & Mill Supply Co., 2331 Jane Street, Pittsburgh 3, Pa.

## NEW PRODUCTS BRIEFS

A plastic insulation that won't burn has been developed by du Pont. Its name: Rulon.

A magnetic tape recorder that operates at 7½ in. a sec. has a range of 15,000 cycles. One reel will handle two hours of program material. It's made by Ampex Electric Corp., San Carlos, Calif.

A portable bench-type tumbler for use where large permanent ones aren't available has been produced by American Plating Rack Co., 232 North Rosemary St., Inkster, Mich.

Short-stroke solenoids with lives of more than five-million operations have been marketed by General Electric Co., Schenectady 5, N. Y. Constructed with a cast Permaflit coil assembly, they have strokes of 1 in. or 1½ in.

An automatic pin boy machine (BW-Fe. 23 '46, p51) will be marketed in the fall by American Machine & Foundry Co., 511 Fifth Ave., New York City. Pilot models are now being tested in bowling alleys at Teaneck, N. J. The company plans to lease the machines for about \$1,000 a year.

A lecture pointer that casts a clear arrow-image the length of an auditorium is made by EdnaLite Optical Co., 20 North Water St., Peekskill, N. Y.

Seamless plastic boxes, produced by U.S. Rubber Co., are designed for crisscross stacking. Small and lightweight, they're easy to handle. Contents of each box are visible.

A car kit that converts parking and brake lights into right-left turn signals can be attached to any 1942 through 1950 model. The manufacturer is Yankee Metal Products Corp., Norwalk, Conn.

Kengrip Wax, designed to reduce slipping accidents in factories, won't streak, puddle, stick, or collect dirt, according to its producer, David E. Kennedy, Inc., 58 2nd Ave., Brooklyn.

# MILITARY PROCUREMENT

Checklist for Suppliers: What the U.S. Wants to Know About You



YOUR EQUIPMENT—Amount, size, capacity, tolerances, age



YOUR EXPERIENCE in World War II as a prime contractor or subcontractor



YOUR LINE—What you're making now, and how much of it



YOUR SKILLS—Unusual work done or techniques used in your plant



YOUR MANPOWER—Total number, plus a breakdown of skilled help



YOUR FINANCES—Dollar volume, balance sheet, credit rating



YOUR SECURITY—Plant details, fences, size of guard force, etc.



YOUR CLEARANCE (or lack of it) to talk about confidential subjects



YOUR OFFICIAL responsible for mobilization matters

## IMPORTANT

### MEMO

### ABOUT

### NEBRASKA

— is primarily an agricultural state — economy-minded, with no indebtedness and the lowest taxes in the nation (no income or "nuisance" taxes at all).

— at the same time it does have an appreciable amount of industry, and it has quietly established a reputation—among those qualified by experience in other areas to make comparison with the situation here—for the finest type of highly productive labor (farm bred, easily adaptable to any skill, clear-thinking and cooperative with management.)

It follows that NEBRASKA offers to a limited number of industries the prospect of low cost, trouble-free operation—not just now, but continuing over the long pull.

—by way of clarification, we might stress our determination to preserve NEBRASKA'S healthy industrial atmosphere—to which end we will resist over-industrialization, with its attendant evils, just as heartily as we now extend a welcome to that amount of industry which will fit into our economy advantageously and which will join us in keeping NEBRASKA a grand place in which to live as well as a highly satisfactory plant location.

Many Nebraska communities have available buildings—and available labor. Most of them have advantageous building sites. All of them are cooperative—and willing to go to any reasonable extent in "smoothing the way" for suitable industries.

Write this division of Nebraska's state government for informative folder as well as specific information relative to your particular needs.

Strategically yours,

NEBRASKA RESOURCES DIVISION  
STATE CAPITOL LINCOLN

## How to Sell to Uncle Sam

Too many businessmen are learning the hard way that doing business with the government isn't what it used to be. Since Korea, they have been pouring into Washington by the hundreds every day—out for a slice of the big defense production pie. Most are disappointed. It takes more than just an eager look to get a military contract, even now. • Don'ts—At the cost of a good deal of time, money, and trouble, men who

made the trip in vain have made out a list of don'ts to guide others:

- Don't go into a procurement office saying, "I've got a machine shop; I can make anything." You're liable to get the answer, "We don't buy 'anything'." Have something specific to sell.

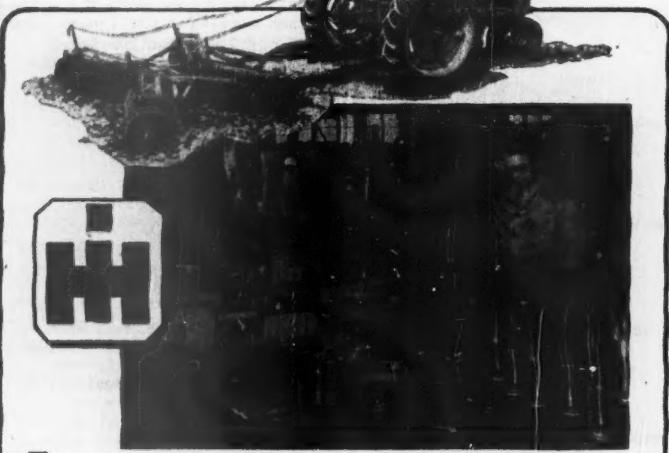
- Don't offer to convert your plant in order to get a defense contract. Today, the government can't guarantee that you will get a contract if you con-

# Your keenest competitor knows —

That no matter how well established his business may be, nothing can damage it more than better equipment and better methods in the hands of an aggressive rival!

He also knows that unless YOUR equipment and methods are "up-to-the-minute", YOU cannot continue to sell YOUR products at competitive prices.

Photos Courtesy International Harvester Company



Take the INTERNATIONAL HARVESTER COMPANY, Chicago, Ill., whose competitive efficiency is strengthened by top-flight machine tools and methods. Their Louisville, Ky., plant turns out more than 400 tractors per day—and practically all the threads are GROUND FROM THE SOLID... on just TWO Jones & Lamson 6x15 Thread Grinders.

#### Look at their advantages in threading!

HARVESTER'S threads are ground at a high production rate . . . they are finished in one pass, using a multi-rib grinding wheel . . . heat treat distortion is avoided (grinding is a final operation) . . . no trouble from material variations . . . accurate threads at assembly (size control is automatic) . . . PLUS additional HIDDEN SAVINGS based on trouble-free, year-in, year-out machine performance!

ARE YOU EQUIPPED TO YOUR BEST ADVANTAGE? Get a free check-up on your present operations. Write to our PRODUCTION RESEARCH DEPARTMENT for this service.

# JONES & LAMSON

MACHINE COMPANY Springfield, Vermont, U.S.A.



MACHINE TOOL CRAFTSMEN SINCE 1835

Turret Lathes—Fay Automatic Lathes—Thread  
Grinders—Optical Comparators—Threading Dies

vert. Later, perhaps, when military orders outrun available capacity, you might get that guarantee, but not now.

• Don't try to lure the good services of a military procurement officer with tales of dancing girls and wild parties. Several have tried it in the last few weeks. They got thrown out.

• Don't lead off, as one optimist did recently, with: "I've got \$3-million and a group of top management men (but no plant yet). What do you want me to make?" You'll get a startled look—and that's about all.

• Don't go to your congressman. He's busier than ever these days and probably knows less about what you're after than you do. If you don't know where to turn, check in with the Defense Dept. Office of Procurement Information. A letter or a phone call first might save you a needless trip to Washington.

• Where to Go—Most military procurement today isn't handled in Washington at all. The biggest share of the work is done by 55 major procurement offices scattered around the country. There are also over 2,000 sources of military contract information outside of Washington. All Commerce Dept. field offices have up-to-date lists of what the military is buying, and they can tell you which office to see. Many local chambers of commerce also carry this information.

• Answer Package—After you have found out whom to see, the next step is to gather all the facts about your operation that the government will want to know. These should be collected in some kind of brochure that will carry all the answers in one package. Some of the most important items to be covered are listed on the chart (page 55).

The main thing to emphasize is exactly what you want to sell. If you don't make that clear, your company's name will be tossed into a "general" file of companies that are willing to make anything. This file is already so full that invitations to bid must be sent out in rotation. But if your company is listed as capable of manufacturing a specific product, you will be notified automatically (by machine mailing) each time the military wants bids on that item.

You don't necessarily have to be manufacturing right now the product that you want to bid on for a defense contract. But if you make the low bid and it turns out that you have to convert your plant, be prepared to make convincing argument that you can do the job—or lose the contract.

• Bid or Negotiated—Whether the contract is bid or negotiated, you'll be competing with someone else for it. Almost always in negotiated contracts, the government asks for informal bids. In the case of the bid contract, the bidding is

pretty much wide open; in negotiated contracts, the requests for quotations go out to a selected list.

Before Korea, negotiated contracts outran bid contracts 60 to 40 on a dollar basis. From now on, almost 90% of the Pentagon's hard-goods procurement will be negotiated. That's because advertised bidding often takes up too much time.

It's likely that big companies will get the biggest volume of prime contracts this time, just as they did in World War II. But there'll be lots of subcontracting—and it will be the prime contractor, not the government, that handles this. If you're interested in the subcontract jobs, take a look at the list of World War II's biggest military contractors (BW—Aug. 5 '50, p25). Most of these companies will again be letting subcontractors in a new armament program.

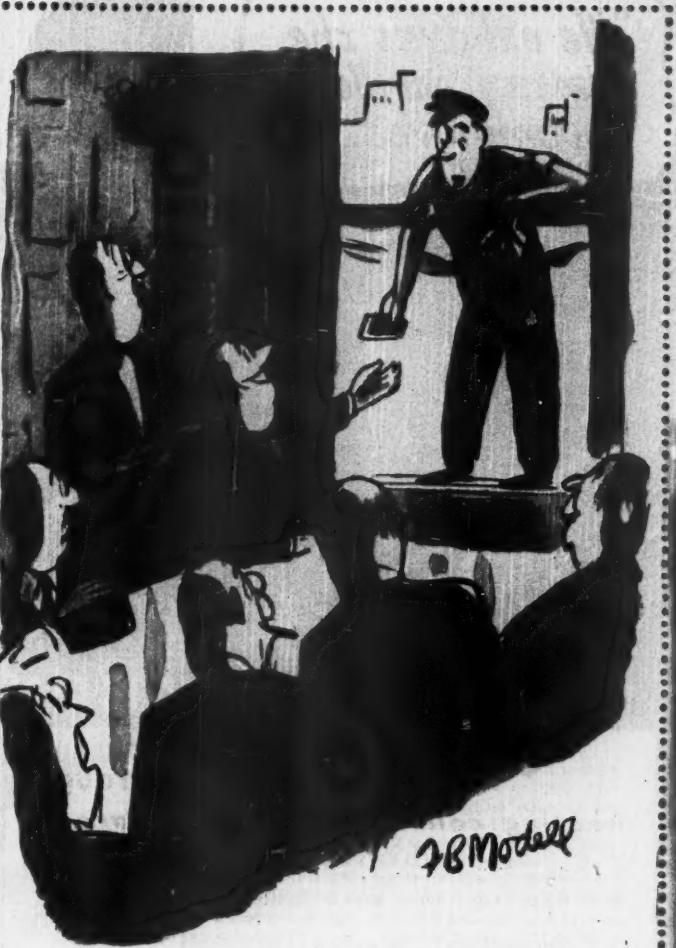
• **Allocation List**—All this applies to companies that want to get some government business right now. There are many companies that have their production lines full with civilian production now but would like to line themselves up for war manufacturing in the event of total mobilization later on. They want to get on the government's list for production allocation. Getting a mobilization assignment doesn't mean that you will get a war production job right away. It's merely the Pentagon's way of cataloguing production capacity available in case of war.

So far, only about 20% of the nation's industrial machine has been screened for production allocation in case of war. The men who are working on this have a big task ahead. You can make it easier by knowing the rules first and sticking to them. And you'll save yourself endless red tape.

Getting on the list may or may not mean you will be making the same thing you are making now. It does mean that if Washington takes over control of production, your output will be considered essential. You will stay in business.

To get on the production allocation list, the first thing to do is decide which of the three services you're best suited to do business with. Then find out the proper Army, Navy, or Air Force procurement office to consult. It probably will be in a big city near your plant—not in Washington.

• **Easier, If**—Actually, you'll find that in many ways it's easier to do business with Uncle Sam than it used to be. Most forms are simpler; most are standardized for Navy, Air Force, and Army. A single office does the buying for all three services on a lot of items—motor vehicles, food, small arms, hand tools, paints, and such. But there are plenty of times when you'll still have to sell to the individual service.



*"I can't wash my way down to the first floor by 3 P.M.  
You fellows mind if I make my deposit here?"*

Maybe this is going a bit too far, but The Pennsylvania Company has made a name for itself, among the tens of thousands of people regularly contacted, for a genuine, personal interest in every individual client. That's one important reason why we're serving more people more ways than any other Philadelphia bank.

19 OFFICES  
PHILADELPHIA

## THE PENNSYLVANIA COMPANY

for Banking and Trusts

Founded 1812

Member Federal Reserve System • Federal Deposit Insurance Corporation

**"We exhaust the fumes from diesel locomotives..."**

**ILG**

**VENTILATION**

**... and supply air through heating coils to the working area"**

Thirty-two direct-drive ILG Centrifugal Fans (mounted overhead, eight in a row above each of four tracks) exhaust fumes in this functionally designed diesel engine shop. Another series of fourteen fans (mounted overhead, seven in a row on each side of the building) supply air through heating coils to within three feet of the floor. The combination assures a healthful, comfortable atmosphere the year 'round for Milwaukee workers in this new glass and steel structure designed by engineers of the Chicago, Milwaukee, St. Paul and Pacific Railroad Co. Direct-drive of fans simplified mounting, will keep operating, maintenance and repair costs at a minimum over long life. If you have an air handling problem, send coupon or phone nearby ILG Branch Office (consult classified directory).

## **FREE! Helpful 32-Page Guide "HOW TO PLAN YOUR VENTILATING SYSTEM"**

(ILG ELECTRIC VENTILATING CO., 2807 North Crawford Avenue  
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Please send me a copy of your FREE BOOKLET "How to Plan Your Ventilating System".

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Executive's Name \_\_\_\_\_

Title \_\_\_\_\_

Address \_\_\_\_\_

Zone \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_



## **READERS REPORT:**

### **Found—The Missing Pencils**

Gentlemen:

You state [BW—Aug. 5'50,p59] that W. A. Sheaffer Pen Co. says fountain pens account for 66% of dollar sales, mechanical pencils for 14%, and ball-point pens for 14% . . . making 94%.

It might also be interesting to show where dollar volume for wood-cased pencils comes in.

JOSEPH A. SHIRLEY

JOSEPH A. SHIRLEY & CO.,  
DALLAS, TEX.

- The missing 6% belongs under mechanical pencils, making that figure 20%. Sheaffer manufactures only the mechanical kind.

### **Mistaken Identity**

Sirs:

In the caption under that upper photo [BW—Jul. 8'50,p74], shouldn't "Rough forging" have read "Rough casting"?

JULES C. GINDRAUX

135 VESTA ST.,  
RENO, NEV.

- No. The propeller blades are die-forged.

### **Legal Hiring Hall**

Sirs:

In your article entitled Legal Hiring Hall [BW—Jul. 15'50,p93], you state: "The contract provision setting up the hiring hall—and the actual operation of the hall—must clearly bar discrimination against nonunion men. If not, Denham (general counsel of NLRB) says he'll prosecute."

If nonunion men must join the union after 30 days, where does "non-discrimination" enter into the picture?

A READER

OKLAHOMA CITY, OKLA.

- "Nondiscrimination" involves only the actual hiring process. The law says that there must be no obstacles in the way of a nonunion man who is trying to get a job. The hiring hall refers him to the job regardless of whether or not he is a union member. In this way, hiring halls avoid charges of discrimination. However, under the law, the "union shop" is legal. After a man has been on the job 30 days under a union-shop contract, the union may legally request the management to fire him if he refuses to join. Thus although there is no discrimination involved in the actual hiring, a nonunion man who does not wish to join might run into trouble later on.

# ELECTRUNITE TUBING

makes a case for push-button magic



Gone are annoying window cranks in many of today's fine automobiles. Gone, too, are the tugging and pulling with tops of sleek convertibles. Now, at the press of a button, both windows and top raise and lower automatically . . . silently . . . dependably.

Underneath this push-button magic is ELECTRUNITE Tubing — used for the two steel cylinders shown here.

Housing the hydro-electric lift mechanism, each tube must have a mirror finish inner surface . . . must be uniformly round throughout its entire length.

But there's no magic in the way ELECTRUNITE Tubing meets these rigid requirements. Proof — the manufacturer fabricates and plates the tubes without preliminary inspection.

If you're looking for a way to keep your own manufacturing costs in line, why not let this example be your guide?

**REPUBLIC STEEL CORPORATION**  
STEEL AND TUBES DIVISION • CLEVELAND 8, OHIO  
Export Department: Chrysler Building, New York 17, N.Y.



Send for booklet SPD-50 . . . and get all the facts about this and many other examples of better products at lower cost through the medium of modern Republic ELECTRUNITE Tubing.



# MARKETING

More corn.....



More castings.....



More crystal.....



**VIA**  
**Rapistan**

Whatever you make... whatever you process... you'll handle more goods, in less time, on production-boosting, cost-cutting, Rapistan Material Flow equipment.

Among people who know handling equipment, Rapistan ranks first. The reason? Supreme dependability. Rapistan conveyors are designed to give trouble-free service long after most others have been replaced. Whether you need a single conveyor, or a complete "flow" system—for product movement through processing, packaging, storage and distribution—buy Rapistan. It's profitable.

SEND FOR YOUR COPY of "Rapistan Material Flow at Work." See how carloading was cut from 80 to 8 man hours; a processor saved \$200 weekly; production speeded up 75%; and how Rapistan can work for you!

The RAPIDS-STANDARD COMPANY, Inc.  
175 Rapistan Bldg., Grand Rapids, Michigan



Representatives in Principal Cities

**Rapistan**

MATERIAL FLOW EQUIPMENT



CONVEYORS, POWER OR GRAVITY  
PORTABLE AND STATIONARY  
CASTERS • HAND AND PLATFORM TRUCKS

## Too Much Boom in Soft Goods

Retailers have bought their heads off in textiles. Now they fear sales may slump, sticking them with big inventories. Tightening hard-goods supply, however, makes long-run outlook good.

The boom in hard goods these days is something department store people understand and can feel comfortable about. But the boom in soft goods produces a decided air of queasiness.

It's not the long-range outlook that does it. Over the long haul, store executives can count on purchasing power spilling over from autos and appliances into their soft-goods lines (mainly textiles). What worries store people is the period in between—the time before conversion to rearmament has hacked away at hard-goods output. They fear the present soft-goods surge may peter out and leave stores with a serious inventory problem.

• **Booked Solid**—The textile industry has been feeling an-upsurge of business for the past month or more. Right now, if you want to buy cotton, wool, or rayon yardage, you will probably have a tough time finding it. For despite the fact that mills are working three shifts, many producers are ordered up—right through the fourth quarter of the year. And they aren't taking any more orders until things settle down.

Korea, of course, has a lot to do with the boom. But it's not entirely a war product. In cottons, for instance, you had the healthy orders of last spring, spurred by the improved over-all tone of business. Next came reports of a short U.S. cotton crop—since borne out. With higher raw-cotton prices in the offing, buyers who had been holding off began to enter the market.

Korea, with its scare-buying and its big military orders for textiles, thus came at a time when mills generally had sold out for the third quarter. Many had already booked a large fourth-quarter volume.

The wool picture, though spottier, is much the same: raw materials in short supply, fast-rising prices, big backlog of orders, accelerating output, heavy military orders.

• **Escalator Clauses**—A great many mills withdrew their price lists weeks ago—mainly because of uncertainty over the prices of raw wool and cotton. Here and there, mills have been willing to book orders into the first quarter of next year. But the conservatives in the industry look on this as nothing

short of madness. Where mills are booking forward business, you usually find them writing escalator clauses into the contracts.

Prices have been climbing across the board. The biggest yarn-dyer in the business has upped prices 15% since Korea. Basic cotton prints that sold in June at 17½¢ a yard now sell for about 26¢. A garment maker reports that the faille for which he paid 42¢ or 47¢ a yard in May costs him 56¢ to 60¢ a yard today.

• **Shocks in Store**—These increases, translated into terms of finished goods, may look pretty shocking when they hit store counters. For example. New England mill people are now talking about the possibility of wool tops going to a new high of \$3 (the price has been running around \$2.50). If that happens, trade sources say a standard worsted garment that has been retailing at \$50 will leap to \$60.

Some of the increases, particularly in cottons, can be laid to speculation by what the trade calls "second-hands" (middlemen). But legitimate or not, the increases worry mill people, who are concerned about the consumer's reaction to higher prices. For their part, the mills are planning to hold down prices as much as possible. For some, it will mean cutting costs to the bone and reducing the number of styles after the spring season ends. For others, it will mean changing constructions and using lower quality yarn.

Even so, the new prices are bound to be high—just how high you should begin to know soon. Mills are getting ready now to go back into the market, since the price situation has begun to jell. Also, the industry has now digested its first big military orders and has some idea where it stands.

• **Scramble**—When you get down to the retail level, however, the question of what higher prices may do to consumer demand is only one of the uncertainties. A glance at the field will show why.

Ever since Korea, there has been a mad scramble for goods, both hard and soft. Department store sales have been 30% or better above last year.

• **Buying Concentrated**—The buying, though, has been far from evenly dis-

**SUMMER SALES SLUMPING?**

**JACK 'EM UP**

**WITH "BOOK" TELEGRAMS**

**SPEED UP SLACK SEASONS**

• Here's the easiest, quickest way to wake up summer sales prospects... to start them buying! Simply give us one sales message and list of addressees. . . we do the rest.

Remember—offerings by telegram are never ordinary... always mean something extra special. For conviction... for faster action use telegrams NOW to jack up lagging summer sales.



**CLEAN OUT SLOW-MOVING STOCKS:** Is inventory tying up capital? Taking up valuable space? Telegraph its availability to customers. Manufacturers, wholesalers and retailers are discovering that telegrams make effective selling tools.

**OTHER WAYS TELEGRAMS HELP COMBAT SUMMER SLUMP:**

**Transacting daily business**—instructing field representatives, quoting or requesting prices, sending production reports, speeding up operations.

**Collecting overdue accounts**—telegrams get attention, clean up accounts without irritation.



**DRUM UP NEW BUSINESS** with telegraphed sales news of special values, promotional events and special come-in-and-see sales. Telegrams suggest urgency, carry conviction, get fast action—turn potential customers into actual sales.

**BE SURE OF FAST, DEPENDABLE DELIVERY**

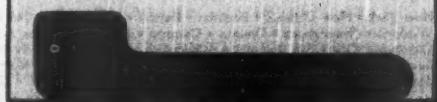
You can rely on speedy, always "on time" telegrams. Day or night, your message gets off—and "right now!" Avoid disappointment and risk of "too late" delivery. Don't write—telegraph!

**NOTHING ELSE GETS THROUGH.**

**GETS ACTION...LIKE A...**

Telegrams get there fast—yet never intrude. Allow time for thought but suggest urgency. Provide a permanent written record, are legally binding.

**WESTERN UNION  
TELEGRAM**





## PROTECT YOUR PRODUCT

*from Factory to Consumer*

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SOLID FIBRE BOXES

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KRAFT BAGS AND  
SACKS

KRAFT PAPER  
AND SPECIALTIES

*Gaylord Protective Packaging assures a safer journey for your product from the moment it leaves your factory, through all the hazardous steps of distribution, down to the dealers' shelves.*

*It's the kind of protection you should expect from your shipping container. When the dealer receives your product in first class condition, he feels more kindly toward you—and your product is placed on his shelves in a better competitive position. Result—greater sales.*

*Put Gaylord's Protective Packaging to work for you—Call the nearest Gaylord Sales Office.*

*From Coast-to-Coast There is a Gaylord Sales Office Near You*  
**GAYLORD CONTAINER CORPORATION**  
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tributed. The National Retail Dry Goods Assn. guesses that perhaps 60% of the increase in department store sales has been in such "scare" items as nylons, sheets, pillow cases, towels, and other staples.

Ready-made clothes and "style" goods in general have been pretty much untouched in the free-for-all. Business in wearing apparel is generally good; some put it 10% above a year ago. But as one apparel buyer for a group of stores remarked, "I wish we had a little scare buying here." The attitude of the stores seems to be: Order wearing apparel as you need it, and then pass the higher prices along to the consumer.

It's in the staples that retailers have gone to town. A merchandising manager of a major department store sums it up by saying: "If I were a staples buyer, I'd go on vacation. The buyer is entirely in the hands of the supplier now, and about all he can do is place orders and hope for the best."

• Orders Climb—Stores have completely revised their inventory policies. They have boosted the size of their orders, placed them as much as a month earlier, and are willing to accept delivery in 60 and even 90 days. But still they complain that inventories, in terms of demand, are way below what they should be; some stores report that their inventories, item for item, are below a year ago. Meanwhile, the volume of goods on order has shot far above last year.

In other words, a lot of retailers have simply gone out and ordered their heads off. Now it's a question of what will happen if consumer demand falls off sharply.

• Shakedown—Plenty of people think that the real surge of scare-buying is now over, and that we're heading into a lull. The National Retail Dry Goods Assn., for one, believes that an inventory shakedown is a "distinct possibility." It points out that there is a plentiful supply of staples. The output of nylons, for example, is far greater than it was at the outbreak of World War II. Then again, says NRDGA, the armed services have much bigger stockpiles of textile goods than they had back in 1941 and will therefore be more moderate in their demands.

Others think that there is a plentiful supply of hidden goods, hoarded at every level from mill to retailer. As for consumers, it's possible that hoarders have stockpiled themselves out of the hosiery and domestics market for months—even years—to come.

If these guesses prove right, it will be interesting to watch next January's White Sales. You will see then whether or not retailers have gone in over their heads.



## Where's the missing policy?

THE EXPERT, who's making a survey of all of the firm's insurance, has asked the president. And the president doesn't know.

He thought they had arranged for *all the kinds* of insurance to take care of the risks the business faced.

But there is one policy missing. The sharp eyes of the expert—the insurance agent who has asked if he could make such a survey—have discovered that there's no Business Interruption insurance.

There's Fire insurance all right—on building, warehouse, stock, and fixtures. But direct loss from a fire would be a drop in the bucket compared with the loss of income and profits that could come as the *aftermath of a fire*.

Should a fire knock out your business, this insurance starts paying you immediately just as much as the business would normally earn. Having it, you're sure to be in as good shape after a business interruption as before.

And remember, the small business needs this

insurance as much as the large concern. Matter of fact, the small business—with fewer resources—would be less able to bridge a business interruption than a larger company.

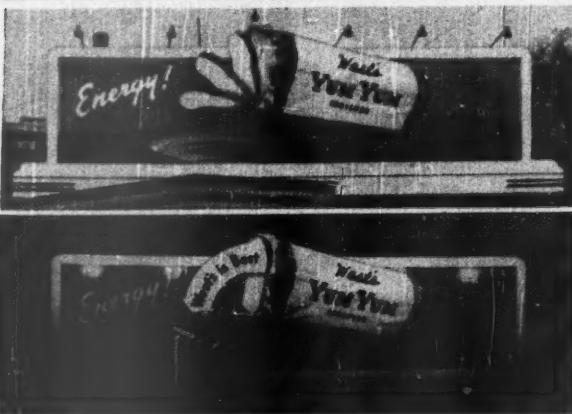
The Travelers writes Business Interruption insurance not only against the hazard of fire, but also against other hazards—such as wind-storm, explosion, riot, civil commotion, and boiler and machinery breakdown. It costs less per thousand, with few exceptions, than insurance on the property itself.

Ask your Travelers agent or broker to tell you more about Business Interruption insurance and how it applies to your business.

**MORAL: INSURE IN *The Travelers***  
ALL FORMS OF INSURANCE AND SURETY BONDS

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cast iron construction withstands corrosive fumes.

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fins are cast integral with the steam chamber assuring even distribution of heat. It's not possible for GRID fins to come loose from the steam chamber to cause loss of heating efficiency.

GRID design incorporating proper fan sizes, motor speeds and outlet temperatures results in a properly balanced heating unit, especially when high steam pressures are used.

No other unit heater incorporates these features that are vital to proper and efficient industrial plant heating.

INVESTIGATE today GRID systems of high pressure unit heaters, blast coils, and radiation . . . the answer to maintenance-free heating in the industrial plants.

**D. J. MURRAY MANUFACTURING CO.  
WAUSAU WISCONSIN**

## Cheaper by Vat

Whiskey distillers are reviving bulk sales to wholesalers to work off inventories. But lower prices don't reach public.

Since Korea, distillers' worries over peak warehouse stocks of whiskey have pretty well evaporated. Retailers and wholesalers both have scrambled to stock up, fearing partial, if not 100%, conversion of the industry to commercial alcohol production.

Inventories, which in May equaled eight years' supply, now don't look so big to the trade. Some distillers are even reported stepping up production. • **Revival**—Despite the changed outlook, however, several distillers are quietly going ahead with the revival of an old prewar practice: Offering to sell wholesale distributors bulk whiskey with an exclusive territory franchise to bottle and market it under the distillers' brands.

Last week, one of the independents, Barton Distilling Co., Chicago, said it was offering limited bulk contracts on its Tom Moore brand for the first time since the war. Barton will allocate part of its output for bulk sales to franchised distributors, continue to market the rest direct as case goods.

In June, National Distillers Corp. began to offer bulk contracts to wholesalers who had held such contracts before the war. The franchises covered six National brands: Old' Sunnybrook, Hill & Hill, Bond & Lillard, Old McBrayer, Old Hermitage, and Bourbon DeLuxe.

Two Schenley affiliates, Schenley Distributors, Inc., and Melrose Distillers, Inc., last week also offered four of their brands—I. W. Harper bourbon, Belmont bourbon, Old Quaker bourbon and rye, and Sam Thompson rye—on a new bulk-in-bond program. Schenley's offer involved no exclusive territory franchise. It merely gave the distributor the option of buying four-year-old whiskey in bulk instead of by the case. The distributor orders the whiskey bottled from stock as he needs it.

Other distillers have marketed their whiskey on variations of the bulk-contract plan for years. Among them are Stitzel-Weller Distillery, Inc., Louisville, Ky., (Old Fitzgerald) and Medley Distilling Co., Owensboro, Ky., (Old Medley).

• **Motive**—Distillers have a double motive for reviving bulk whiskey sales on exclusive franchises. Stocks of four-year-old whiskey produced since the war are now beginning to reach maturity. And the growing size of over-all whiskey inventories has made some dis-

tillers willing to try to get their wholesalers to carry some of it.

Terms of the bulk deals vary with each distiller, but generally they follow the same pattern. The wholesaler contracts to buy certain amounts of bulk whiskey maturing each year over the period of the contract; the price is usually in line with prices of bulk whiskey at the time of purchase. Normally, the price runs only a small margin over distillers' costs. The distributor, as owner, pays carrying charges, interest, insurance, and taxes on the whiskey while it is in storage. When it is ready to bottle, he pays a bottling charge of \$1.75 to \$2.00 a bottle (for fifths), and then markets the whiskey under the distillers' established brand. A portion of the price the distributor pays is earmarked by the distiller for advertising and promotion in the wholesalers' territory. Or the distiller and wholesaler split advertising and promotion costs.

• Profits—At current prices (\$2.75 to \$3.25 a gal. for spring 1947 whiskey), buying a mature whiskey in bulk is not much cheaper than buying it by the case. A real profit shows up only when the wholesaler buys a young whiskey. Then he can make \$8.00 to \$20.00 a case more than on bottled goods.

A bigger incentive for the deal, though, is the assurance to the wholesaler that he has the brand exclusively in his territory for as long as he wants to keep it. Thus the wholesaler has a greater degree of independence from the distiller. But at the same time, the distributor has a stake in promoting the product. Distillers who have used the plan successfully in the past consider it an unbeatable way of getting wholesaler cooperation.

• Sales Pattern—Some distillers, like Barton, prefer to sell the wholesaler some whiskey of each year's production, over a four-year period. National Distillers Corp., however, sells its contract holders only six months ahead. It is now offering only spring, 1947, whiskey in bulk. National Distillers' contract leaves the wholesaler free to set his own resale price, thereby gives him the benefit of any retail price rise. National does, however, require the distributor not to resell the whiskey in bulk.

Stitzel-Weller Distilling Co., which has sold bulk whiskey for 70 years under exclusive franchise contracts, requires distributors to resell at what it considers a reasonable profit. The margin usually runs 10%-15% above the profit they would make if they had bought case goods. Many Stitzel-Weller franchises distributors made fortunes during the war because they owned substantial stocks of aging whiskey bought at lower prewar prices. Wholesalers going into such deals today think they stand a good chance for similar big profits if whiskey shortages return.



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CORRUGATED PAPER PRODUCTS

*Fort Wayne*  
**CORRUGATED PAPER COMPANY**

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Hartford City, Indiana

**Mills:**

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Lima, Ohio

Newark, Ohio  
Hartford City, Ind.  
Indianapolis, Ind.  
Lima, Ohio  
Washington, Ind.  
Pittsburgh, Penna.  
York, Penna.  
Milwaukee, Wis.



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for safety—  
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first name  
in  
precision  
switches



1 Peaceful dealers picket Esso's Bayway refinery. Sign reads: "Closed! Why—Average Oil Co. Nets a 13.6% Profit. I Average a Net of 2.2%. I've Got to Close!" But . . .



3 Dealers and attendants from closed stations near the Holland Tunnel . . .



4 Try to talk Mack Dubina into closing his Gulf station, too. He did.

## Gasoline Retailers Go on Strike

New Jersey businessmen shut stations for two days to break up price war that was losing them money.

New Jersey last week witnessed an odd switch on the old order of things—a strike by businessmen. For two days, their owners shut down about 70% of the state's 6,000 gasoline stations to protest a price war. It ended only when Gov. Alfred E. Driscoll intervened with a promise to the strikers: He would appoint by Sept. 1 a committee to "study the causes of the strife."

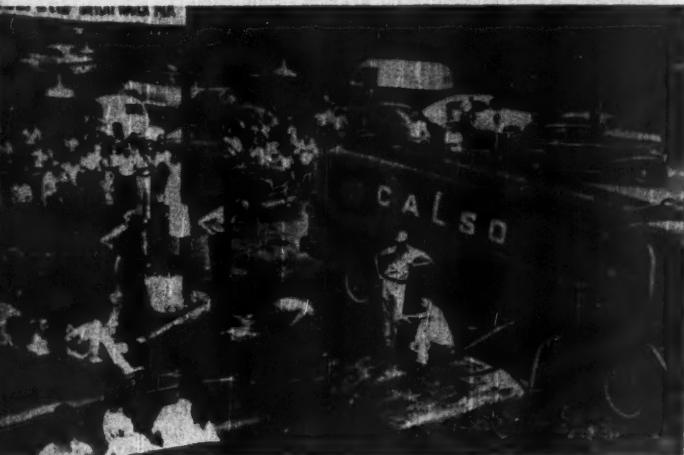
- **Pickets and Violence**—The station owners' strike looked like any other

strike. Pickets roamed the state in cars to persuade reluctant gas-station owners to shut down. The method: The motorades formed long lines outside an open station. Each car would go in in turn, buy one gallon of gas, ask for complete service—windshield cleaning, oil-checking, etc.—and pay with a \$10 or \$20 bill.

In some cases, this proved effective. In others, the owners refused to serve the "customers." That led to fist-fights



Excited pickets who tried to close Houston Petroleum Co.'s Save-Way station in Camden take a trip to the police station. Save-Way undercut other dealers a penny per gallon.



But police at Paramus, N. J., protect tank truck fueling an "open" gas station on strike's second—and last—day. Strikers had already flattened truck's right front tire.

and other forms of minor violence. What alarmed officials was that, if the strike went on, the violence might get serious. By the second day, in fact, attendants at most open stations wore guns. And more than one shot was fired over the heads of "intruders." But before anything really serious happened, the strike was over.

• **Tough Question**—What lay behind it all? That was the question which Gov. Driscoll's committee was supposed to answer. And as of last week, it looked as if that were going to be a tough job. Finding out who was to blame depended entirely on whom you were listening to at the moment.

One thing is clear: The key figure in the picture is John Dressler, head of

the New Jersey Gasoline Retailers Assn. It was he who organized his members into agreeing to strike until the retail gasoline price was restored to its original figure.

• **Basic Facts**—The basic facts which caused him to take that position were these: A few weeks ago, motorists bought regular gas at around 24.7¢ or 24.9¢ per gal. That gave dealers a margin of 5¢ or 6¢ over the tank-wagon price—a margin they felt they needed to meet overhead and make enough money.

Then the price began to go down. By last week, it stood at an average of 20.9¢ per gal., although in some cases gas sold for a cent less than that. Since most dealers were paying distributors

## THE TECHNIQUE OF SELLING

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2. Here are tips and techniques of better speech to increase your earning power, to make you more popular, to pave the way to real success. Tells you how to improve your speech in a short time, how to improve your personality, how to increase your self-confidence, banish self-consciousness, how to be at ease on all occasions—with all types of people. A book that will help you rid yourself of speech defects that may be holding you back in your career. Easy-to-apply guide that makes the job simple—and enjoyable. By James F. Bender, Dir., Nat'l. Inst. Human Relations, 262 pages, \$3.50.

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3. A book that tells you how to make people like you, how to win success in your work, home and social life. Explains how easy it is to get along with everyone you meet, how you can avoid losing your temper, how to turn "bad" habits into good ones, how to make your ideas and your ideals to others. Every principle that makes for business success and enjoyable living is presented for you to use to your own advantage. Written by a man who has shown thousands how to enjoy a rich, successful association with people in every walk of life. By T. C. Ingram, Past. Pres., R.R., 272 pages, \$3.00.

## HOW TO PLAN YOUR FINANCIAL SECURITY

4. Shows how to budget and invest your income to build up savings for today and security for tomorrow; how to buy economically; to save on medical bills and insurance. Shows you how to stretch your dollars without pinching, how to cut income taxes, how to avoid errors in building or buying a home, how to analyze your debts. Gives important Social Security facts that assure you top benefits. You need this book to live comfortably with your income while providing for your own and your children's. By Lawrence Washington, Financial Officer, 268 pages, \$2.95.

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Send me book(s) corresponding to number enclosed below for 10 days' examination on approval. In 10 days I will remit for book(s) I keep, plus few cents for delivery, and return unwanted book(s) postpaid. (We pay for delivery if you remit with this coupon; same return privilege.)

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City ..... Zone ..... State .....

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Since agriculture has gone mechanical it produces more, in less time, at lower cost.

Tractors by the thousands are riding farmland acres, carrying attachments or pulling equipment for plowing, planting and harvesting a variety of crops from corn to cotton.

From the very first farm tractors to the modern, mobile power plants of today, Hyatt Roller Bearings have been used by leading manufacturers of farm equipment to assure smooth, continuous and economical operation.

Hyatts ease the load at vital bearing positions in tractors, trucks, combines, spreaders, pickers, balers, and other farm equipment. For nearly fifty years in this field, Hyatts have helped to make power farming more productive and less costly for farmer and consumer alike. Hyatts are favored roller bearings too in factories, on highways and skyways. Hyatt Bearings Division, General Motors Corporation, Harrison, N. J.

19.1¢ per gal.; they didn't have enough spread even to meet expenses. So it wasn't hard to convince them that they should act.

• **Dressler's Charge**—Dressler very flatly blamed Sun Oil Co. for the price war. He claims that the trouble started back in 1946, in Washington, D. C. Sun dealers there posted a retail price for Sunoco gasoline which was 1¢ per gal. below "nearly all other branded dealers." Dressler says that the reason Sun gave for this move was that it wanted to compete with the cut-rate independent dealers who sold unbranded gasoline.

Dressler doesn't believe that. He says that only 3% of total Washington sales were in unbranded gas. So Sun actually cut into the other majors' sales by lowering the price.

• **The Figures**—Dressler cites figures to back up this point. They show, he says, "that from 1947 to 1950 Esso had practically no increase in sales, and yet for the same period Sun sales almost doubled." Sun, claims Dressler, is now trying to do the same thing in New Jersey—with the result here being a disastrous gas war.

Does this mean that the association is not in favor of free competition? Not at all, says Dressler. "There would be no quarrel with this practice if Sun were absorbing the loss. But when the cost of underselling the market must be absorbed by the retailer, then we think we have a right to fight."

• **Sun's Story**—Sun Oil flatly denies that it started the price war, branding the accusation as "untrue, false, and slanderous." About the only thing it did admit was that it had cut prices. But with considerable indignation, Sun claims that it lowered prices neither to increase sales nor to force a cut in dealers' margins. "The sole purpose was to assist dealers handling Sunoco products to defend their existing business and ours against inroads being made by price competitors."

In direct contradiction to Dressler, Sun says that whenever one of its dealers did lower prices, Sun Oil helped him bear the loss.

• **Sun's Culprit**—Then who does Sun blame? The cut-rate independents who sell unbranded gas. Specifically, it blames two stations, one in Camden and the other in Linden. Operated by Save-Way Stations, Inc., these are gasoline "supermarkets"—self-service retail outlets which advertise gas savings ranging up to 5¢ per gal.

The first of these stations opened last December at Linden, opposite Standard Oil's huge Bayway refinery.

• **Largest Station**—Then, on June 20, Save-Way opened what it claims is the world's largest gas station, in Camden. It covers 45,000 sq. ft., has 30 pumps. Sales began dropping fast at other

### HYATT ROLLER BEARINGS



# Who protects your family's health?...



## Protection is vital on the "line"

Production "lines," like that shown in the above view, are typical of the improved cost-cutting efficiency of modern food processing plants. Employees on these packaging lines, and all others whose work brings them into physical contact with edibles headed for human consumption, use cotton towels in the washroom and wear fresh clean cotton uniforms. That's an easy effective way to help protect a good reputation for high-quality products.

WELL, you do, of course. Your family physician and your local state and federal health authorities are vitally important, too. But don't overlook the amazingly high standards of cleanliness and sanitation maintained by American business and industry.

This is nowhere more evident than in plants baking bread, bottling milk and other beverages, making candy or processing and packing the many foodstuff items that put variety in America's diet. There personal cleanliness of employees must match the hygienic cleanliness of plant areas and equipment.

No wonder, then, that in hundreds of such plants, employee washrooms are equipped with cotton cloth towels for drying hands and faces comfortably, thoroughly and hygienically. Cotton cloth towel service is to be found, too, in all kinds of well-managed industrial plants, offices, department stores and restaurants throughout America. Why? Because cotton towels emphasize cleanliness.



## Protection begins "behind the line"

As shown above, low-cost continuous cotton cloth towels in good-looking, streamlined cabinets just naturally "belong" in any picture of washroom efficiency. Besides helping protect high standards of cleanliness, they're a proven low-cost means of protecting good labor relations, too!



Fairfax individual hand towels are frequently preferred when a personalized service is desired—or often in combination with Fairfax continuous towels.



Fairfax continuous towels help move washroom traffic rapidly, cut down porter service, make it easier to keep washrooms neat, clean, and litter-free.



Look under "Servillines" or "Linen Supply" in the classified phone book for local suppliers of a Fairfax cotton towel service to satisfy your needs.



Fairfax towels and toweling are made by the makers of famous Martex bath towels. Their extra softness and absorbency mean maximum satisfaction.

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 COUNTS...  
 THE MORE YOU NEED  
**RED SEAL POWER**

In choosing power equipment there are two things to keep in mind:

(1) The closer the engine matches the job it has to do, the better its performance, and the lower your costs. (2) Whatever your specific need, there's a Continental Red Seal engineered to meet it—not approximately, but "right on the nose."

You'll find Continental in leading makes of construction and industrial equipment, powering generators, mixers, winches, hoists, cranes, and many other types of machines. Models range all the way from the six-cylinder overhead-valve S-6749—developing 141.3 h.p. for continuous duty—down to the  $\frac{3}{4}$ -1 h.p. air-cooled AC5, lately added to the line. Between these extremes, some 40 different models are available, built to literally hundreds of specifications, to match them PRECISELY to the needs of countless different jobs. For maximum reliability, choose equipment with Red Seal power. And for separate power units engineered to your specific needs, see your Continental dealer.



PARTS AND SERVICE  
FROM COAST TO COAST

*Continental Motors Corporation*  
MUSKEGON, MICHIGAN

stations while lines at Save-Way grew longer. Then, says Sun Oil, it decided to meet this competition by lowering prices at its own stations in the neighborhood. Other dealers followed suit. • Who's Right?—Is Sun right or is Dressler right? Or is there some hidden reason behind the war? Those are questions which only a thorough investigation can answer.

Meanwhile, the confusion over the causes of the gas war and the strike was so great that most of the dealers didn't even know what had got them into the situation. One striker summed up the general bewilderment with one terse comment: "Sunoco wants to compete with the rest of the market—whatever that means."

#### MARKETING BRIEFS

Magazine advertising rates are on the way up. Curtis Publishing Co. jumped rates 5% on Saturday Evening Post, Ladies Home Journal, and Holiday. Crowell-Collier Publishing Co. hiked Woman's Home Companion rates 6½%. Both rates effective Feb. 1. McCall's, Time, and Look rates will also increase soon.

Nighttime radio rates to advertisers should be lowered, according to a report made by Assn. of National Advertisers. Reason: TV has cut into nighttime radio listening.

Cooperative buying groups may be in legal troubles as result of a U.S. District Court decision in Philadelphia. Sunbeam Corp. won a permanent injunction to stop Civil Service Employees' Co-Operative Assn. from selling Sunbeam appliances at less than the company's fair-trade price.

Borden's dollar sales dropped 3% in first half of 1950. Volume sales were up, but lower prices—mainly brought about by New York City milk price war—brought earnings down.

Bucking the general trend, two plastics companies have reduced prices. Du Pont dropped the price of its Fabrilite vinyl plastic sheetings 5¢ and 10¢ a yard. Kenrich Corp. lowered the price of its Kenflex plasticizers 4¢ to 7¢ a lb.

Hawaiian Pineapple Co. withdrew its canned pineapple products from the market to set up an allocation system because of heavy demand.

Tires and shoes will cost consumers more. Seiberling Rubber has upped tire prices from 5% to 74%, inner tubes from 10% to 20%. Melville Shoes will cost 50¢ more a pair at Thom McAn's.

# FINANCE



FDIC CHAIRMAN Maple Harl reports 17 years of progress. Now Congress is . . .

## Bringing FDIC Up to Date

Federal Deposit Insurance Corp. has piled up a \$1.5-billion surplus in 17 years. Now, new bill would raise ceiling on insurable deposits to \$10,000, allow banks a kickback from FDIC reserves.

The Federal Deposit Insurance Corp. is due for a change. Congress is now down to final voting on a bill to revamp its powers.

• **No Earth Shaker**—The changes won't be earth-shaking. The biggest thing the new legislation would do is raise the limit on the amount that can be insured from \$5,000 to \$10,000 per account. But there's just no outcry for any major shift in policies. The agency that was regarded as a radical experiment in 1933 is now an accepted member of the banking family. And in hearings on the new bill, Maple Harl, chairman (picture, above), got no roughing up from either House or Senate committees.

In fact, things are almost too peaceful. Harl's efforts to make FDIC cut a swath in the world have never got anywhere; it's one of the least publicized agencies in Washington.

You could take this peace as a measure of FDIC's success in achieving its main objectives: first restoring, then maintaining the confidence of Mr. and Mrs. John Doe in the U.S. banks. But some of the peace is just FDIC's good luck. Its first years have mostly been easy ones; there has been no real

crisis; banks generally are in good shape.

• **Experiment**—That was hardly the case when Congress set up the agency 17 years ago. In the 12 years ended in 1933, some 15,000 banks had failed—4,000 in that final year alone. Something radical was called for.

Guaranteeing bank depositors against loss was the answer. It had never been tried before on a national scale. Several states had done it years before the crisis of 1933. But the state systems—voluntary, at that—had all collapsed when the depression came along.

• **Setup**—Congress profited by the states' experience. It prescribed a system based on reserves to be built up in good times for use in bad. It was a compulsory system, at least for members of the Federal Reserve System; nonmembers could join if they would submit to periodic FDIC examinations.

Capital for the corporation came from the government. The Treasury bought \$150-million of its capital stock; the Federal Reserve, \$139-million. FDIC has the right to borrow another \$3-billion from the Treasury.

Prospective members had to kick in one-quarter of 1% of "eligible" deposits to join. At the start, only the

## NEW MARKETS



### MEAN OPPORTUNITY FOR NEW INDUSTRY

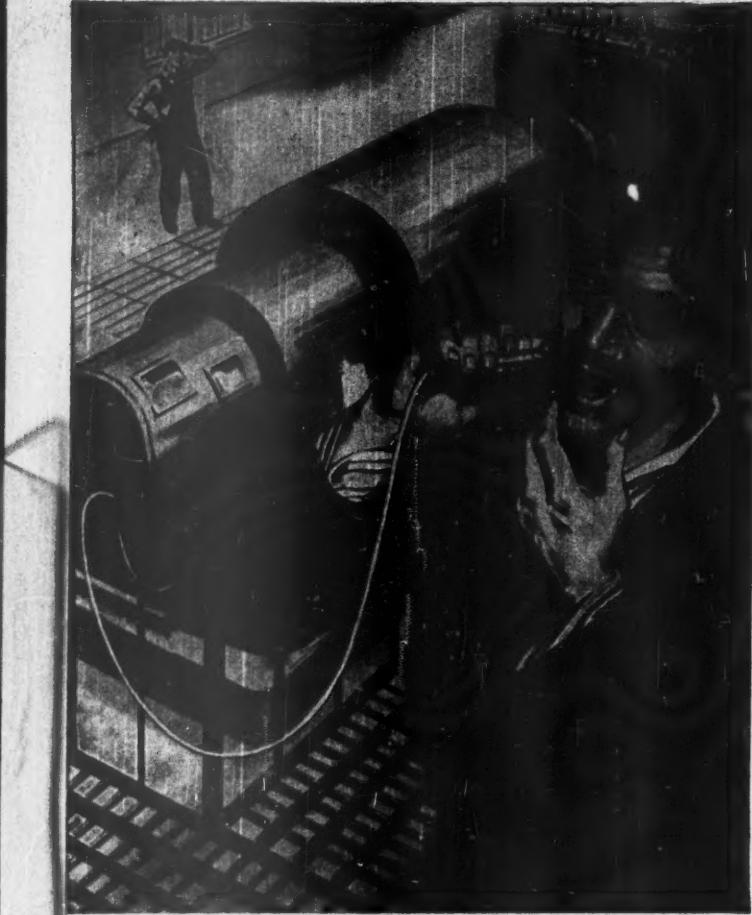
Measured by every important business barometer, Florida's gains in the past 10 years have continued to outrun the U.S. average. This sound growth means promising new markets for business and industry—means Florida holds the opportunities you are seeking.

### FLORIDA IS GROWING! (Gains Since 1940)

Population	up 31%
Retail sales	up 234%
Income payments	up 207%
Electric power	up 231%
Bank resources	up 264%
Postal receipts	up 116%
Saving accounts	up 214%
Business phones	up 102%
Home phones	up 189%
Car registrations	up 49%
Internal revenue	up 707%
Life insurance	up 155%
Livestock income	up 335%
Wages, salaries	up 220%
Construction	up 231%

Blessed by a matchless climate, occupying a strategic location for Latin American trade, Florida offers many advantages.

FLORIDA INFORMATION  
We'll gladly send you our folder.  
Another Big Year for Florida  
and its State booklet entitled  
Florida's Fast Growing Mar-  
kets Just Write  
FLORIDA POWER & LIGHT CO.  
Miami, Florida  
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It's a long reach from electricity's sources in coal, oil, and water power to your bathroom socket . . .

but we've helped cut out a lot of the cost.

Modern Worthington machinery—like steam condensers, feedwater deaerators, turbine generators, Diesel and gas engines, water treating equipment and pumps—help produce the power at lowest cost. Other Worthington machines—

used in manufacturing electrical equipment and constructing distribution systems—help to bring you power at lowest cost.

Such is the range of machinery bearing the familiar Worthington "wings" trade mark that you can expect to see it wherever living standards are high and living costs are low.

Worthington Pump and Machinery Corporation, Harrison, N. J.

# WORTHINGTON



THE SIGN OF VALUE AROUND THE WORLD

first \$2,500 in an account was eligible for insurance; in 1935, the top was raised to \$5,000. In addition, they pay an annual premium of  $\frac{1}{4}$  of 1% of their deposits.

• **Results**—Today, 13,628 banks are insured by FDIC—93% of all U. S. banks. Their deposits amount to \$156-billion. FDIC has taken in \$1.6-billion in premiums and interest. It has paid some \$160-million for running expenses and claims. Out of the \$1.5-billion surplus, it has retired its capital stock.

Since 1933, only 414 insured banks have had to fall back on FDIC. And the corporation has worked out a procedure that keeps the impact of a bank's failure to a minimum. Instead of liquidating outright, FDIC arranges, wherever it can, for a solvent neighbor to take over the liabilities. The survivor bank takes its pick of assets and gets the difference from FDIC in cash. Then the corporation can take its time disposing of the rest. Payment of depositors' claims is always made within two weeks, often within 48 hours.

This way, FDIC has been able to reduce insurance claims that had a face amount of \$550-million to only \$26-million of actual losses. Depositors lost only \$2-million—the amount not covered by insurance.

• **Limit Trouble**—That \$2-million is the major FDIC headache. Because of the \$5,000 limit, only 46% of the deposits of insured banks are covered. The \$5,000 limit has worked to hurt in another direction, too. Many bank accounts run larger today than they used to be; accounts that would have been covered fully 15 years ago aren't covered today. So people have hoarded their cash. And many businesses have taken to moving amounts above the limit to banks in other cities.

So FDIC has asked Congress to raise the account limit to \$10,000. The bill would also make these changes:

- Give FDIC power to examine state banks that are members of FRS.

- Set up a new assessment formula, now that the corporation's reserves are better able to meet an emergency. The bill would keep the current premium rate. But, after FDIC had deducted its running expenses and insurance costs, it would credit the banks with 60% of what's left, instead of putting it all into its reserves.

- Set up a payment schedule for interest to the Treasury on the capital it lent FDIC to get the corporation going.

- Give FDIC a central building of its own.

- **Prospects**—Chances are that the final bill will eliminate the building. Neither will the corporation get power to examine state FRS members. It's likely that the bill will contain a House proposal that FDIC pay up the interest

out of income during the next two years.

The new assessment formula is sure to be adopted. But it probably isn't the last word on the question. Bankers say that FDIC reserves are already as big as they need to be for ordinary trouble. And if there were another crisis like 1933, the government would have to step in anyway.

So bankers want to drop all assessments. But congressional leaders feel that some assessment is necessary—to keep banks careful and insurance-conscious.

## Credit Companies Thrive But Worry About War

The two biggest independent finance companies reported record earnings for the first half of 1950 last week. But they are keeping their fingers crossed about the future.

• **War Orphan**—Few U.S. industries stand to profit less in total war than the finance companies. They have no way of adapting their major function—consumer financing—to a war economy. Cuts in production of civilian autos and household appliances mean that much less business for the money lenders.

CIT Financial Corp. earned over \$17-million in the first half, up 46% over its previous first-half record in 1949. Commercial Credit Co. made \$10.6-million, up 35% over the same period the year before.

These gains didn't surprise anybody. It's no secret that consumer credit has been running at record levels in the first half. What the finance-company men would like to know is where they're going from now on.

• **Favor Regulation**—Both Arthur O. Dietz, CIT president, and Alexander E. Duncan, Commercial Credit's board chairman, agree that credit regulation would be a good thing for the industry. Both companies say they have tried to hold to the terms of Regulation W, which expired June 30, last year. They also say that they have had to follow along in some areas when competitors—including banks, manufacturers, and distributors—have lengthened repayment periods and reduced down payments (BW-Aug. 20'49, p78).

Dietz said he'd like to see "a flexible program of regulation which will assure sound credit standards and help to limit upward pressures on prices."

Duncan wanted to see some other credit methods brought under regulation that weren't covered by Regulation W. He wanted new regulations to cover personal loans repaid on a monthly basis, single-payment loans, and monthly budget charge accounts.

Almost overnight, you can rid your plant of lost time from broken shear pins, burned out motors, "babying" the motor to get the load started.

For we've "packaged" fluid power in the HYDRO-SHEAVE DRIVE, an inexpensive hydraulic unit which slips onto the drive shaft of a belt-drive motor or engine.

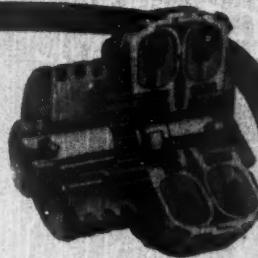
The HYDRO-SHEAVE is a dressed-up hydraulic coupling, adapted for quick installation. Power delivered through it is velvet smooth. Kinetic energy alone transmits the power—no mechanical connection.

When driven equipment jams, or overloads, the coupling cushions and absorbs the shock: the motor or engine is always protected.

Loads are picked up smoothly and accelerated rapidly and

evenly—for the coupling "slips" at low motor speeds to permit the motor to come up to working torque freely. Then the "slip" cuts back for normal performance. Special starting equipment is eliminated and smaller motors can often be used, since the motor is matched to the running load—not the starting load.

If any of your equipment is driven by an engine or motor in the  $\frac{1}{4}$  to 40 hp range, you'll no longer be so down-hearted about down-time if you specify a Twin Disc HYDRO-SHEAVE DRIVE.



Down-hearted about Down-time?



Clutches & Hydraulic Drives



TWIN DISC CLUTCH COMPANY, Racine, Wisconsin

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FIREMEN EVERY 10 FEET

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Success is the rule in Savannah . . . our industries are moving in . . . not out! We don't have empty buildings . . . we do have available sites and many outstanding advantages for industry.

Abundant, cheap soft water . . . willing labor . . . reasonable taxes . . . competitive transportation and a friendly, cooperative community are a few reasons why you should investigate Savannah.

Let us help you. Complete, confidential engineering service . . . no cost . . . no obligation . . . no commitment.

Savannah is different, and we can prove it!

INDUSTRIAL COMMITTEE  
OF SAVANNAH, INC.  
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**Savannah**  
GEORGIA

You Advertise in *Business Week* when  
you want to influence Management Men.

## MOP Earnings: Prosperity During Bankruptcy

	Operating Revenues (In Thousands of Dollars)	Net Income (In Thousands of Dollars)	Times Fixed Charges Earned	Per Share Earnings On Common 5% Pfd.	Working Capital (In Thousands of Dollars)
1939	\$83,059	D\$13,093	0.37	D\$18.24	D\$20.14
1940	87,124	D9,564	0.54	D13.32	D15.88
1941	111,901	4,225	1.20	5.88	0.77
1942	178,424	30,650	2.47	42.69	32.67
1943	227,793	16,591	1.80	23.11	15.69
1944	236,564	17,684	1.89	24.63	17.01
1945	218,039	7,327	1.37	10.21	4.51
1946	174,496	6,309	1.36	8.79	3.28
1947	199,622	8,272	1.49	11.52	5.65
1948	221,034	13,045	1.77	18.17	11.41
1949	173,224	2,741	1.16	3.82	D1.03
1950 First Half	97,065	3,426	1.40	4.77	1.97
D. Deficit.				* On Mar. 31, 1950.	

D. Deficit.

\* On Mar. 31, 1950.

## Missouri Pacific Tries Again

U.S. court approves third reorganization plan for bankrupt railroad. But holders of common stock, who would be wiped out, prepare to fight the program.

The Missouri Pacific R.R. is trying for the third time to come up from the sea of bankruptcy. And this time, the lawyers who have followed the long case think there is a better than even chance that MOP will make it.

Judge George H. Moore of the U.S. District Court in St. Louis has just approved a new reorganization plan for MOP. The plan already had the blessing of the Interstate Commerce Commission.

• **Victim of Depression**—MOP, like a lot of big railways, tumbled into bankruptcy in the depression 30's. Since then, it has been going through the reorganization mill under Section 77 of the National Bankruptcy Act.

All the other major roads have long since been able to get out of the courts and resume operating on their own. But not MOP. Twice, reorganization plans won preliminary court approval only to run afoul of indignant security holders.

Lawyers who helped draw up the third plan are hopeful that this time it will stand up. And the district court decision encourages them. Judge Moore formally ruled that the plan is "fair and equitable" to all concerned in the 7,000-mile southwestern rail giant.

• **Same Obstacles**—But MOP's new plan still has to hurdle the same obstacles that wrecked the first two. MOP security holders are keeping their fingers crossed.

Two of the biggest obstacles are the road's complicated capital structure

and the conflicting interests of the many corporations that make up the Missouri Pacific lines.

But these are dwarfed by the biggest one of all: ICC has ruled again and again that the \$83-million of outstanding MOP common stock has "no value." In line with this ruling, the plan approved by Judge Moore wipes out the common stock. And this automatically makes every MOP stockholder an enemy of the plan—particularly when they look at the sensational earnings record MOP rang up during World War II (table).

• **Enter R. R. Young**—Right here is where the plan runs up against one of Wall Street's toughest fighters—Robert R. Young. Back in their heyday, the fabulous Van Sweringen brothers acquired working control of MOP, at a reputed cost of \$75-million to \$100-million. After the Van Sweringen empire collapsed, that big block of securities passed into Young's hands when he took over Alleghany Corp., which had been the Vans' top holding company.

Young did more than anyone else to junk the first two reorganization plans for MOP. What drew his fire then—and probably will again—was the proposal to wipe out the common stock.

The new plan, of course, has many other features—some of them acceptable to all parties. Like the earlier plans, it calls for the merger of MOP and virtually all its subsidiaries. This includes the bankrupt New Orleans,

Texas & Mexico, and International Great Northern roads, which operate MOP's extensive Texas network.

• **Capital Structure**—In some respects, the reorganized MOP would look very much as it does today. Its total capitalization, for example, would be \$612-million. That's not much less than its old capitalization—\$619-million on Jan. 1, 1948, effective date of the plan. But on top of the old capitalization, there was \$200-million of accrued unpaid interest. That would be cleaned up in the reorganization.

Total charges ahead of the preferred stock would be some \$22.7-million, compared with the present \$22.2-million.

• **Fixed Charges**—The new capital structure, however, would be a lot different from the old. Of the \$398-million of new bonds that would be issued, only \$229-million would carry fixed interest charges. Interest on the rest would be paid only when earned. Thus the basic fixed charges would add up to only \$8.7-million annually.

Some \$100-million of new 5% preferred stock and \$113-million of "A" and "B" common would also be issued. MOP's many secured and unsecured creditors would get the lion's share of the new securities. "Outside" holders of New Orleans, Texas & Mexico capital stock would also benefit.

Present holders of Missouri Pacific stock would be on skimpy rations in the new capital structure. Holders of common—including the redoubtable Young—would be wiped out entirely. Those who own the \$71-million of \$100-par, 5% preferred would fare a little better. For each seven shares they own today, they would receive three shares of "B" common.

- **Powerful Supporters**—The new plan has some powerful backers. Among them is a committee representing the holders of MOP's \$223-million first and refunding bonds. This group includes the Metropolitan, Prudential, and New York life companies. Other committees representing holders of other senior and junior bonds also favor the plan.

- **Opposition Claims**—Opponents of the reorganization plan base their arguments on one main charge: The new capitalization is too low. They say there is no reason the stockholders should go to the wall when a road has demonstrated its earning power the way MOP has.

Judge Moore, obviously, does not agree. In taking his stand, he pointed to MOP's earnings during 1949 and January-June, 1950, when traffic fell off.

The odds are that the embattled stockholders and others will appeal Judge Moore's ruling to higher courts. Nobody knows what will happen then. But the lawyers still think that this plan has the best chance yet of getting final approval.

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**VINITA, OKLAHOMA**

Connie Mack's older sons, Roy and Earle Mack, will buy out the other stockholders of the Philadelphia Athletics. Financing will be done by Connecticut General Life Insurance Co., probably the first time a life insurance company ever got into big-league baseball.

Class I railroads made \$210-million in the first half of 1950, compared with \$174-million in the first six months of last year, the Assn. of American Railroads says. Yet operating revenues were 3.3% below the 1949 half.

RCA will sell privately \$40-million 3% notes to institutions. A similar sale of \$60-million in notes was made last year. All notes mature in 1974.

Other private financing deals: Two institutional-investor groups have agreed (1) to loan Southern Production Co. \$42-million to finance purchase of a 68% stock interest in Danciger Oil & Refining Co.; (2) to buy \$32-million of 20-year Transcontinental Gas Pipe Line Corp. bonds to help the company pay construction costs; (3) to buy \$15-million Toronto Board of Control U.S.-dollar bonds to help build Toronto's subway.

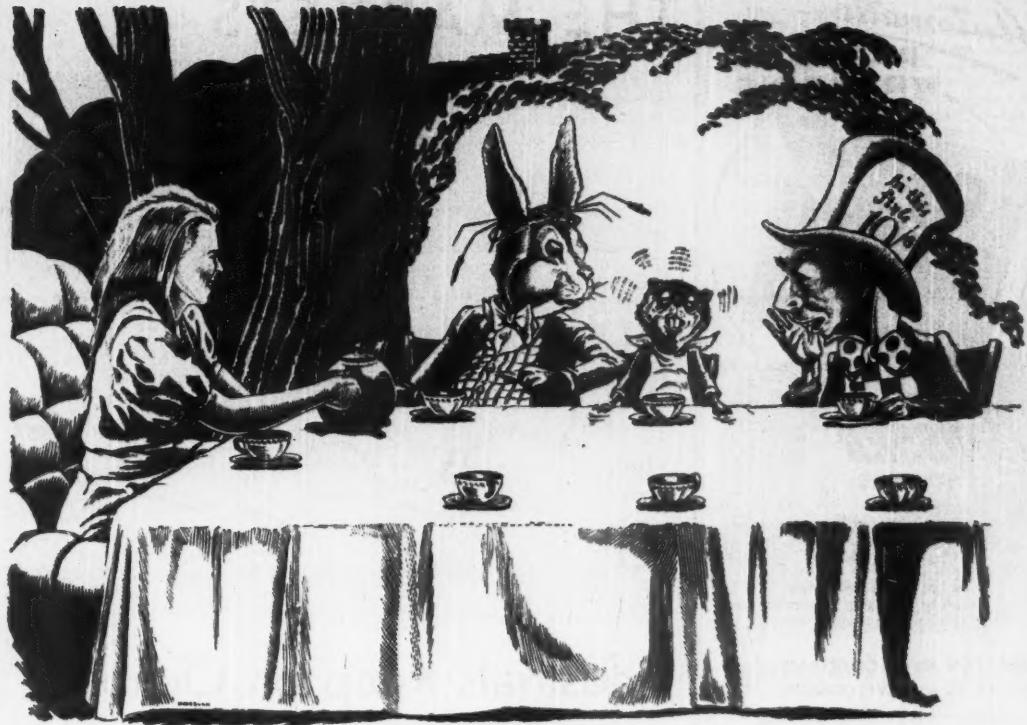
Connecticut has loaned out all the \$30-million fund it set up last year for loans on low-cost homes (BW-Dec. 17 '49, p84). Construction loans to builders were at 3½% interest. Buyers and people building their homes paid 1½%.

Superior Oil Co. has postponed its plan to split into separate natural-gas and crude-oil companies (BW-Dec. 24 '49, p42). The company thinks an excess-profits tax might hit the gas company too hard. Superior stock dropped \$44 last week, closing at \$290.

Pipeline plans: Tennessee Gas Transmission and Plantation Pipe Line Co. have filed bond-issue registrations with SEC. Tennessee Gas will offer \$40-million in mortgage bonds, Plantation \$40-million in sinking-fund debentures. Plantation expects to get another \$12-million from banks.

Florida's 3% sales tax will probably net more than \$40-million in its first year. About \$23.6-million, after expenses, were collected by Aug. 1.

Savings bond redemptions topped sales in July by \$88-million. That's the biggest drop for any month in history.



## "I wasn't asleep," said the Dormouse

EVERY boy and girl knows the drowsy Dormouse of Alice in Wonderland. He was elbowed and pinched by the Mad Hatter and the March Hare as he mumbled in his sleep at the tea party.

But our young people aren't so well versed in everyday economics. They have a sadly distorted picture of the profits of business. They don't realize why profits are necessary, how small they are, or how they are divided.

For instance, in a recent survey of high school seniors, it was discovered that they believe over 50% of the sales dollar is profit and they think stockholders receive 24% of it. Actually business profit averages less than 8%, with less than 3%

distributed as dividends. Business uses most of its profit, moderate as it is, for new plant and equipment, to improve products and to make more jobs.

Misconceptions among our youth bode ill for America's future. They open the door for too ready acceptance of dangerous isms and false foreign philosophies. Such misunderstanding of economics can be corrected only with facts supplied by business itself. You as a leader in your community must share this responsibility.

The American business man must not allow himself to be cast in the role of the Dormouse, pinched and pilloried by the March Hares of communism and the Mad Hatters of the "everything for nothing" state.

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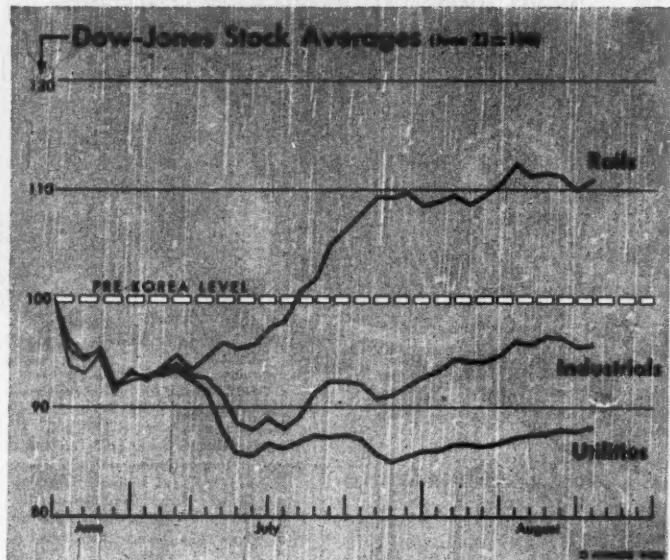
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## THE MARKETS



### Industrials Keep on Climbing

War production and prospects of inflation spur rise. Rails are getting the boom pending before Korea. Utilities are still weak.

The stock market believed that U.S. industry will be running full blast for a long time. It is saying that war production makes this certain. It's also betting that even a limited-war economy will bring inflation sooner or later, in spite of price controls.

That's how old timers in Wall Street explain the steady recovery of the Dow-Jones industrial average during the past month. So far, the industrial stock average has regained about two-thirds of what it lost in the first weeks after fighting began in Korea (chart).

• **War News**—The Korean news has been partly responsible, but it isn't the whole story. The war has been going better there, but not that much better. Investors apparently believe that, with industry running at full capacity, short-term earnings can't be hurt too badly by any war taxes now in the works. And many of them seem to be following the theory that if inflation is coming they'd better switch out of cash and into common stocks.

• **Rail Average**—Meanwhile, the Dow-Jones rail average has climbed about 11% since our "limited war" began. But the D-J utility stock average, which had dropped about 15%, hasn't recovered much. It's still 12% below where it

was on June 23, the last trading day before Korea.

There's no mystery about the strong performance the rails have put on (BW—Aug. 5 '50, p69). Some analysts were expecting a revival in rail stocks even before Korea, on the basis of their good second-quarter earnings. Now earnings will probably be better. The railroads will get some profitable additional traffic. They won't be as hard hit by an excess-profits tax and higher income taxes as most other industries.

• **Growth Industry**—The utilities are another story. They did pretty well in the pre-Korea bull market. That's because: (1) Utilities are a growth industry; (2) their postwar investments in new plant were beginning to pay off in the form of lower costs.

In May, the Dow-Jones utility stock average reached 44.26, its highest level since 1931. It was 31% above where it was when the bull market started in June, 1949. (The industrial average had gained about 41% when it hit the bull market high of 228.38 on June 12.)

• **Inflation Fear**—But the prospect of inflation is bad medicine for the utilities. Public service commissions are a bit slow to raise rates when costs go up. Like the other growth industries, the

utilities will be hurt by extra war taxes. Just the same, some Wall Street analysts believe that the utilities have been over-sold. They think these shares may stage a little rally.

But even in the industrials and rails, there is no proof that the pre-Korea bull market is under way again. A lot

could happen in Korea and elsewhere that would make nervous traders sell out. In the three weeks between June 23 and the time the Korean break had reached its low, only about 2% of approximately 24-billion shares that were listed on the Big Board actually changed hands.

## The "Korean Market": Box Score to Date

Stock Group	Standard & Poor's Weekly Indexes (1935-39 = 100)			Recent Level vs.	
	1950 High	Korean "Korean" Low	Recent Level	Korean Low	Pre-Korean Level
Woolen goods	*121.1	100.1	93.9	**121.1	+29.0%
Shipbuilding	*217.3	177.7	177.7	211.8	+19.2
Aircraft manufacturing	*160.0	137.8	137.8	**160.0	+16.1
Railroad equipment	*93.4	81.1	77.6	**93.4	+20.4
Paper	*472.5	415.7	366.3	**472.5	+29.0
Coal	*234.5	207.4	197.7	**234.5	+18.6
Cotton goods	*279.6	244.2	239.6	**275.6	+15.0
Leather	*175.4	156.6	153.9	**175.4	+14.0
Railroads	*121.0	108.6	102.5	**121.0	+18.0
"War" stocks	*150.3	137.9	130.2	**150.3	+15.4
Distillers	*388.2	357.3	336.8	**388.2	+15.3
Mining, smelting	*89.3	82.5	70.8	**89.3	+11.9
Copper	*137.1	127.2	124.3	**137.1	+10.3
Sugar	*111.0	103.1	100.3	**111.0	+10.7
Lead, zinc	*96.5	89.9	86.6	**96.5	+11.4
Steel	*185.1	173.0	159.9	**185.1	+15.8
Air transport	*278.2	250.1	229.6	266.3	+16.0
Tires, rubber goods	*250.4	235.9	213.4	**250.4	+17.3
Oil	*203.0	193.7	180.3	**203.0	+12.6
Metal fabricating	*127.1	122.1	114.6	**127.1	+10.9
Shipping	417.2	391.9	380.3	407.7	+7.2
Motion pictures	170.0	140.5	130.5	145.1	+11.2
Agricultural machinery	*140.9	136.5	120.3	**140.9	+17.1
Meat packing	151.2	147.3	138.8	149.7	+7.9
Rayon	*412.9	406.7	356.5	**412.9	+15.8
Department stores	*231.1	228.1	215.5	**231.1	+7.2
Low-priced commons	165.9	161.3	144.5	163.1	+12.9
Capital goods stocks	152.2	150.5	133.9	148.9	+11.2
Dairy products	240.1	231.7	215.6	235.7	+8.4
Machinery	125.8	123.7	114.7	124.3	+8.4
Fertiliser	260.9	260.9	238.7	260.2	+9.0
All industrial stocks	159.5	159.5	142.9	158.2	+10.7
Soap	200.7	190.0	179.9	187.7	+4.3
Composite index	149.4	148.4	134.8	147.4	+9.8
Automobiles	187.4	186.7	154.4	182.6	+18.3
Shoes	125.5	115.4	108.8	112.4	+3.3
Glass containers	119.0	113.6	98.8	110.3	+11.6
Chemicals	196.8	191.9	165.2	185.5	+12.3
Auto parts	140.2	139.3	120.4	134.3	+11.5
Consumer goods stocks	156.5	156.5	138.4	150.5	+8.7
Electrical equipment	129.0	126.9	111.0	120.9	+8.9
\$10, \$1 chains	137.8	133.6	121.5	126.9	+4.4
Mail order, general chains	212.2	209.7	186.6	199.1	+6.7
Proprietary drugs, cosmetics	144.6	134.1	125.2	126.7	+1.2
Tobacco products	92.1	85.7	79.6	80.9	+1.6
Baking, milling	190.5	181.0	163.7	170.1	+3.9
Printing, publishing	125.5	109.6	96.6	102.3	+5.9
"Peace" stocks	166.9	165.4	147.7	154.1	+4.3
High-grade commons	139.5	136.8	120.1	126.7	+5.5
Utilities	113.7	112.5	101.2	104.0	+2.8
Food chains	246.8	236.2	206.7	216.8	+4.9
Household supplies	110.4	106.8	88.0	95.3	+8.3
Natural gas	205.3	201.7	172.5	179.7	+4.2
Office, business equipment	214.6	207.1	172.1	183.3	+6.5
Confectionery	140.3	135.1	115.2	119.1	+3.4
Building materials	143.3	140.6	109.5	119.8	+9.4
Ethical drugs	194.3	194.3	155.5	181.7	+4.0
Gold mining (U.S.)	77.5	71.3	52.1	59.0	+13.2
Metal containers	90.6	89.3	70.7	73.8	+4.4
Television, electronics	254.8	241.3	167.4	197.2	+17.8
Finance companies	133.1	129.5	94.5	104.1	+10.2

\* These highs registered since Korean incident started. \*\* New 1950 high.

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# LABOR

## Raincheck for CIO-AFL Merger

But for Korea, it might have come this year. But mobilization has strengthened CIO's hand, changed its thinking from merger to cooperation. Linkup now looks at least a year away.

AFL and CIO have come closer to a merger today than they've ever been able to get since CIO split away from AFL in 1935. But for Korea, they might now be on the verge of real unity. As it is, real merger is at least a year away—and maybe further.

Unquestionably, there is more cordiality between the two big labor organizations than ever before; there are also greater ideological cooperation and closer political and economic ties.

The outlook now is for cooperation to continue, even to increase in pace. • **Near Miss?**—Before Korea, CIO had much to gain from unification. Its industries—steel, autos, rubber, and oil—are the most vulnerable in a period of economic decline.

So CIO's interest in unification reached a peak when it looked as though industrial backlogs were about to be worked out. CIO feared unemployment and dropping membership. It saw employers' fronts stiffening and labor's broad social aims jeopardized by dwindling strength. From CIO's viewpoint, the only solution was full labor unity.

Now, it's a different story. In a mobilized economy, CIO's industries are going to be busy. Manpower, and probably union strength, will increase, not ebb. So CIO no longer has to worry. That means less willingness to bargain with AFL, more insistence on equal status, less prospect of a quick settlement on organic unity.

• **Cooperation Only**—A month ago, AFL and CIO unification committees met in Washington. Their first AFL-CIO joint statement merely spelled out some of the areas where they could cooperate. It said they would work together:

- Politically, to elect a Congress and state officials friendly to labor.

- Legislatively, to muster congressional and state support for measures vital to labor.

- On international relations, through the anti-Communist International Confederation of Free Trade Unions.

- On securing a voice in government on war problems.

- **Trouble Spots**—Merger efforts in the past have always bumped head on into two problems: how to make one organization out of two, in terms of jurisdiction;

and how to divvy up the jobs.

The jurisdictional problem isn't so bad as it once was. Since CIO tossed out its left-wingers, there's not much overlap between AFL and CIO unions. The ousted groups were in fields where there are strong AFL unions, too.

Here's the CIO situation today:

- The steel, auto, rubber, and men's clothing unions have no direct counterparts in AFL.

- The shipbuilding and government workers' unions are weak. Inevitably, they'd be absorbed by AFL.

- The textile and communications unions would give trouble. AFL unions in the same fields have less strength, but would object to being absorbed.

- The fledgling electrical workers' union (largely in manufacturing) might work out a compromise on jurisdiction with AFL's electrical workers (mostly in construction).

A new mixup on jurisdiction, however, might be in the offing. The International Association of Machinists (Ind.) may return to AFL this fall. IAM is a rival of CIO unions in many industrial fields.

- **Pride and Policy**—Stronger bars to organic unity, though, are personnel, policy, and pride.

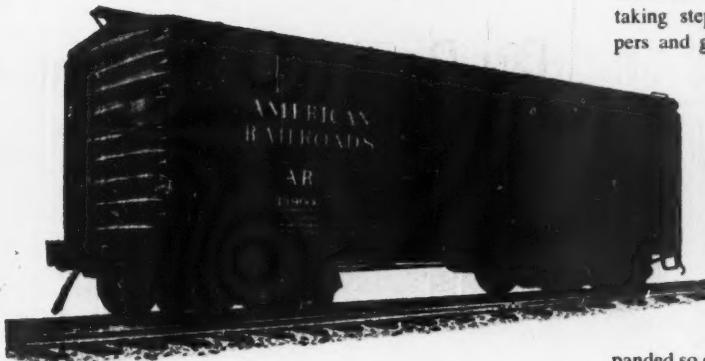
In the past, AFL has insisted that unity must come from reaffiliation of CIO with AFL—not from a merger. And it wouldn't confer on other issues until after reaffiliation. The July discussion of fringe issues represents a considerable modification of this stand. But AFL hasn't altered its stand on how unity must be accomplished.

For its part, CIO doesn't feel like a strayed sheep, to be taken back into the fold. It wants to solve the unity problem by a full merger, setting up a new American Congress of Labor.

Even if AFL agreed to that—and it's unlikely—there still would be the matter of two sets of people for one set of jobs.

Moreover, most AFL international presidents—men like Daniel Tobin and William L. Hutcheson—would hardly welcome CIO's top leaders at AFL's council table. The approach to trade union policy of CIO's Philip Murray and Walter Reuther is so different from that in AFL that it would be little but disruptive.

# ANOTHER \$500,000,000 WORTH!



A far-reaching program for rail transportation — designed to meet the rising needs of commerce and the demands of national defense — was adopted by the member lines of the Association of American Railroads at a meeting in Chicago on July 28.

As part of that program, the railroads have placed, or are in the process of placing, orders for more than \$500,000,000 worth of new freight cars. This brings the total spent on improvements in railroad plant and equipment since World War II to more than 5 billion dollars.

In the past ten years, the railroads have built and bought 600,000 new, bigger and better freight cars, 11,000 new Diesel units, and 1,700 new and improved steam locomotives, besides making great improvements in tracks, terminals, signals, shops, and every part of the railroad plant.

In addition, railroads are speeding up the return to service of freight cars awaiting repair, and are taking steps — with the cooperation of shippers and government agencies — to secure the maximum utilization of all available cars.

The program of the railroads is an essential part of any increase in national production — *for neither in commerce nor in defense can America produce and use more of anything than can be hauled*. There is no way in which the nation's effective hauling capacity can be expanded so quickly and with such small demands upon man power and materials, as by adding to the serviceable freight car fleet of the railroads.

In meeting transportation demands in World War II, the railroads enjoyed splendid cooperation from users of transportation, much of it organized and carried out through the Shippers Advisory Boards and their local Car Efficiency Committees; and the helpful assistance of an outstanding government agency, the Office of Defense Transportation. With this same sort of cooperation and with an opportunity to secure necessary man power and materials, the railroads will reach the goal to which they are pledged — adequate transportation for all America, in peace and in war.

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## PROBLEM

Not a ghost gone crazy but a light pattern of waste motion is this scene in du Pont plant at Edge Moor, Del. Tiny flashlight on worker's wrist shows movements he used to go through, scraping pigment from leaf frames with a woodpaddle.



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## Du Pont Casts Light on

Flashlights have been finding things for people for a long, long time. Maybe that's what gave du Pont efficiency engineers the idea of using flashlights to put the spot on bugs in factory methods.

Anyway, the experiment was a success, as the pictures on these pages show.

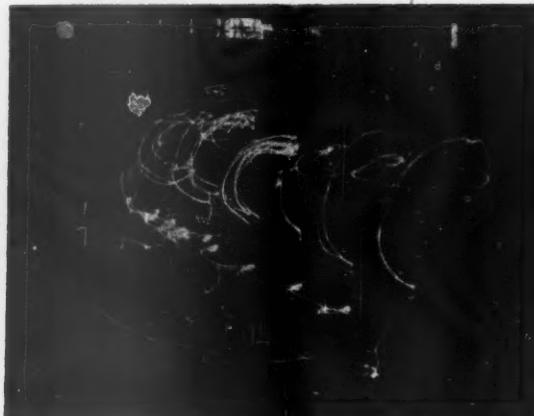
The technique used by the engineers sounds simple, but it took a lot of planning. First they fastened tiny, lightweight flashlights to the wrists of workers whose operation they wanted to study. Then they told the workers

to go about their business as usual.

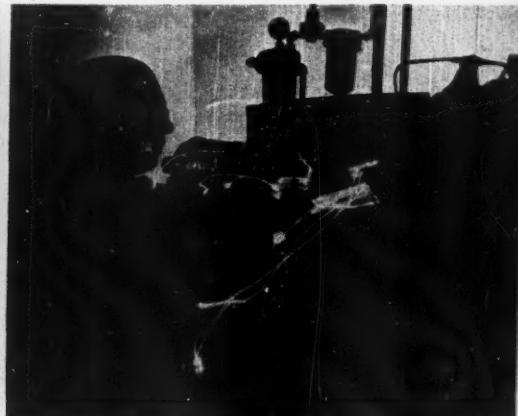
The complicated part was in rigging up cameras to take the long-exposure pictures. Each picture had to trace, in lines of light, the worker's entire operation.

Once they had the pictures, the engineers settled down to puzzling out what was wrong. Somewhere in the crazy pattern of light, lay an answer that would save du Pont time and money. Also, it would save the workers a lot of effort.

Occasionally, the picture would pro-



PROBLEM: This maze of motion was needed to make one small gun part with old \$3,000 drill at Remington Arms plant.



SOLUTION: A new \$20,000 drill cut effort of same worker to the simple pattern as worker sits and feeds machine.

## SOLUTION

Light pattern at left showed du Pont engineers where the waste problem lay. They solved it by using compressed air to remove pigment. The pattern here shows motions saved by worker, who now gets far more done with far less effort.

## Wasted Effort

duce the answer right away. More often, it merely gave a clue. Then the engineers made time and method studies. Eventually, they found the answers—sometimes a new machine, sometimes a rearranging of the workers' equipment, sometimes a simplifying of the whole process.

The pictures serve another purpose. They give the workers a vivid idea of how many extra motions they are making—each motion spelling extra fatigue. That helped make the workers willing to cooperate in the new methods

that were dreamed up by du Pont's engineers.

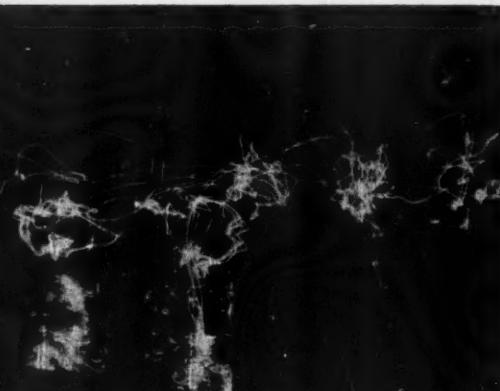
The pictures at the top of these pages show one case where a half-hour operation was cut to a few minutes. Du Pont has a pigment plant at Edge Moor, Del. One operation is scraping heavy, pastelike pigment from a 31-leaf frame. Formerly, a worker did this by laborious scraping with a woodpaddle. The left-hand picture shows how many motions the worker had to make when he was using the old method.

The engineers did some thinking, decided to use compressed air to blow the pigment off the frame. Now the worker goes through the simple motions shown at the right. And the frame is

ready for reuse far sooner than it was before.

The pictures at the bottom show two other operations where the results were just as good. The pair at the left show how a new drill proved to be the answer to making a small gun part in the du Pont Remington Arms plant at Ilion, N. Y. Same worker, same part—but what a difference in effort.

The right hand pair tell the same story—this time about a cellophane plant at Rul, Va. The camera almost went mad following the old operation for wrapping cellophane rolls for cigarette manufacturers. Came the engineers, machines were moved, the process simplified...the pictures tell the story.



OBLEM: All this motion once was needed to wrap packages of Pont cellophane for shipment to cigarette manufacturers.



SOLUTION: Spruce plant engineers at Rul, Va., saw the light, simplified the operation, produced this less confused pattern.

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## NLRB Gets in Step

Follows Supreme Court in ruling that free-speech guarantees do not protect peaceful picketing for illegal purposes.

The National Labor Relations Board last week fell into step with the Supreme Court on picketing. Even if the picketing is peaceful, it violates the Taft-Hartley law if it's done for illegal purposes. NLRB said peaceful pickets do not have the unrestricted protection of the "free speech" provisions of the Constitution and the T-H act.

- **Change**—This is an important shift from previous NLRB policy. Earlier decisions had held that peaceful picketing is an accepted way for a union to express its "views, argument, or opinion"—and that, therefore, as a form of communication, it is protected by free-speech guarantees.

This policy has come into increasing conflict with Supreme Court decisions, based on the Taft-Hartley act.

- **Two Rulings**—Then, last week, NLRB shifted its line. It held that picketing was an unfair labor practice in two cases. One of them involved AFL building trades unions and Henry Shore, a highway construction contractor; the other, CIO's longshoremen's union and Juneau Spruce Corp., Juneau, Alaska.

In both cases, the unions were accused of picketing to compel employers to hire only union members—an illegal objective under T-H. NLRB held that the picketing was unfair, saying:

"Picketing—even peaceful picketing—has aspects which are more than speech, and it may therefore be restricted where it is undertaken for an illegal objective."

- **Earlier Decision**—The earlier NLRB policy was based on a Supreme Court decision made during the period of the Wagner act. This opinion (Thornhill v. Alabama) held that peaceful picketing was guaranteed by the First and Fourteenth Amendments.

Other Supreme Court decisions, in the last two T-H years, have whittled away at that broad protection. In three cases in May, the high court decided:

- A union that has no members among employees can't compel an employer to sign a contract requiring his employees to join the union.
- A union can't compel a store to hire more Negroes.

- A union can't compel a business where it doesn't represent employees to secure the same working hours as those granted by other firms which do employ union members.

- **Hybrid Form**—In each instance, the union argued that free-speech guaran-

tees protected the picketing. The court held that "picketing is indeed a hybrid" form of communication—but said that it "cannot be dogmatically equated with the constitutionally protected freedom of speech." It said that picketing "has far more potential for inducing action or nonaction than the message that pickets convey." And it concluded that the free-speech guarantee may not be invoked to help a union enforce its policy over the "declared policy of the state" as written into law.

From a practical standpoint, that means: When free-speech guarantees conflict with legal restrictions on labor practices, the free-speech guarantees must give way.

## Chemical Workers Strike For UMW-Type Pensions

John L. Lewis' catchall District 50, branch of the United Mine Workers, is out to get UMW-type pension plans in the chemical industry. The result is a strike that has made a painful dent in supplies of alkali products—vital for glass, soap, textile, pulp and paper, and iron and steel industries.

This week, the District 50 strike was two months old at Allied Chemical & Dye's Solvay Division plants at Detroit, Syracuse, and Baton Rouge, La. It was one month old at Diamond Alkali's big Plainsville (Ohio) mill. In all, about 7,500 were on union picket lines.

- **No Progress**—There were no real signs of progress toward a settlement. Federal mediators reported a "serious" effect on glass production, "increasingly serious" effects in other industries. Further federal intervention is likely if new efforts to compromise company-union differences get nowhere.

Contract negotiations started quietly enough at all plants. Minor points were settled well in advance of contract expiration dates. Then District 50 got tough on wages and pensions.

It rejected a General Motors-type contract: A 5¢ hourly pay hike annually during a three-year contract period; quarterly wage adjustments based on BLS cost-of-living figures; and a company-financed pension plan which would pay up to \$110 a month, including federal social-security benefits.

- **Shades of UMW**—It demanded instead an immediate 15¢ pay hike, a one-year contract, and a \$100-a-month pension which wouldn't include social-security benefits—and which would be paid only to union members.

These pension terms are similar to those in UMW contracts. The chemical employers turned them down. And District 50 employees quit jobs as their contracts ran out—using UMW's familiar no-contract-no-work tactics.

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STATE

## Is It Bona Fide?

Wage-Hour asks views on requirements for bona fide profit or welfare plan. Definition affects "regular rate" of pay.

Management and labor will have their say next month on an important wage-hour question: What is a "bona fide" profit-sharing or welfare plan?

It's a big dollars-and-cents question. For the way it is finally answered will determine the "regular rate" of pay for many employers. And this is the rate used for time-and-a-half overtime pay.

As things stand now, the money an employer pays out for profit-sharing and welfare plans is "regular rate" under some conditions—and not "regular rate" under others.

The Wage-Hour Administration admits there is "a need for a review" of its regulations. That's why it has called a hearing in Washington for Sept. 6. Anyone can give his views at this hearing, provided he notifies Wage-Hour by Aug. 24.

- **No Dumping**—Before 1949, Wage-Hour broadly interpreted "regular rate" to include a variety of fringe payments—roughly, anything that might be considered a real financial benefit to employees. Last year, Congress acted to bar this wholesale dumping of contract extras into the "regular rate" of pay. It specified that the basic rate should not include (1) employer payments under "bona fide" profit-sharing or trust plans; (2) employer payments under thrift or savings plans; and (3) irrevocable employer contributions to "bona fide" welfare programs.

But Congress didn't say what is—or isn't—a "bona fide" employee-benefit program. So last January and February, Wage-Hour Administrator William McComb spelled it out.

- **Profit Sharing**—McComb ruled that a profit-sharing plan is "bona fide" if:

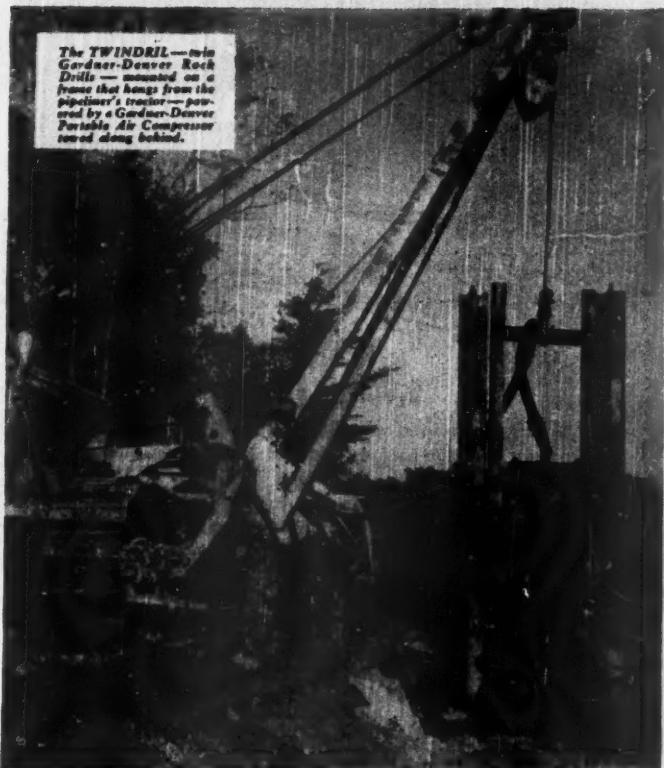
- (1) It's in writing, and where employees can see it.
- (2) It's intended to give employees a share of profits as additional pay, over and above wages and salaries.
- (3) All employees are eligible.

- (4) What employees get is determined by a formula set forth in the plan. Payments can't depend to any "substantial" extent on quality or quantity of work done. And there must not be any guarantee of a minimum profit-sharing payment.

- (5) The amount to be split up must come only from profits. The employer may not promise—or make—periodic payments of any fixed sum into the profit-sharing fund.

- (6) Payments must be made at regu-

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lar intervals if profits warrant them.

• Welfare—Ruling on a welfare plan, McComb said it is "bona fide" if:

(1) It is a formal, written agreement.

(2) It's planned to pay "definitely determinable" benefits for death, disability, or retirement; or to provide medical care, hospitalization, etc.

(3) The employer payment is made "irrevocably" to a third party under a trust or funded arrangement.

(4) No employee can assign his benefits under the plan or elect to receive any part of the employer contribution in cash in lieu of promised benefits. If a plan meets all other requirements, it may provide that an employee who quits, or is laid off, can collect all or a part of the amount in his welfare-plan account.

There are no set rules yet on what is an acceptable thrift or savings plan.

### WHAT CHECKS DON'T SHOW

Ask your employees how much they make in a year, and they'll quote a figure based on hourly wages. A few might mention that they get fringe benefits, too—but experience shows that not many workers can estimate the cost to employers of nonwage payments. While it's a cost that runs as high as 20% of payroll, most workers think of it as negligible.

Recently, Hiram Walker & Sons, Inc., set out to show employees that "fringes" on their paycheck add up to a sizable amount every year. The company used a page in its employee magazine, Spirit, to list its average annual costs per employee:

Group retirement annuity and group life insurance, \$114.27; federal and state unemployment and old-age taxes, \$93.28; group welfare plan, \$68.10; workmen's compensation insurance, \$31.25; paid vacations, \$113.80; paid holidays, \$81.57; paid rest periods in bottling rooms, \$50.84; loss on cafeteria operations, cost of uniforms, dry cleaning and laundry, and Hiram Walker employees' club and magazine, \$72.30.

That adds up to an average total cost of \$625.41, based on 1949 accounting records, paid out last year for employees—over and above what was paid out in wages and salaries.

**The Pictures**—Cover by Charles Rotkin. Acme—67 (top); Rus Arnold—93, 94; Harris & Ewing—26 (lt), 71; Int. News—30, 67 (bot); Keystone—82, 83; McGraw-Hill World News—96; Charles Rotkin—66; Sovfoto—22 (2), 23 (3); Wide World—24, 25, 26 (rt), 99.



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## LABOR BRIEFS

Strike threat for Jan. 2, 1951, is UAW's reply to Ford's refusal to reopen its contract on wages now—four months ahead of a Jan. 1 scheduled reopening. UAW says "the spiraling cost of living" justifies an immediate raise.

GM-type contract just signed by Trans Co., LaCrosse, Wis., is one of first for an AFL union. It boasts pay 12¢ an hour, provides for annual 4¢ hikes for the next four years, plus quarterly cost of living adjustments.

Packard strike underlines the new importance of union wage demands (BW—Aug. 12 '50, p90). UAW called out 8,000 workers to back a demand for "a more adequate wage increase" than the flat 5¢ an hour Packard offered.

Dixie labor rows will be probed by a Senate subcommittee starting Aug. 21. The inquiry will deal mainly with the textile and telephone industries.

A 10¢ mise ended a two-week strike of 450 AFL grain elevator workers in Buffalo last weekend. The strike idled 4,500 others, closed 15 elevators, four flour mills, and two feed mills.

Labor politicians are now warning unions that the Korean war will hurt their 1950 political drive. It takes the emphasis off domestic issues—on which labor bases its campaign.

The utility strike ban in New Jersey is constitutional, the State Superior Court ruled. It affirmed a compulsory arbitration award giving 11,000 telephone workers a \$2.50-a-week raise. New Jersey Bell argued the award wasn't valid.

A non-Communist oath can be required as a "standard of behavior" for employees, a California unemployment compensation board of appeals has ruled. It denied jobless pay to a man fired for refusing to sign an oath. The refusal, it said, was "misconduct"—just cause for discharge, and a bar to benefits.

Sewing up pockets of salesgirls as a precaution against thefts is "sufficiently humiliating" to be a just cause for quitting jobs, a South Carolina Labor Dept. referee ruled. He O.K.'d unemployment pay for those who quit.

The first strike in the history of Elgin National Watch Co. ended after two weeks with an 8¢ hourly raise, plus 4¢ an hour for "inequity" adjustments. The union: International Assn. of Machinists.

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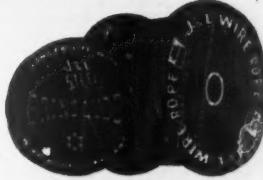
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\*Source: Publishers' Information Bureau Analysis

# INTERNATIONAL OUTLOOK

BUSINESS WEEK  
AUGUST 19, 1950



Washington has more than Korea to think about. Europe is still the crucial front.

Last week at Strasbourg, the Council of Europe, paced by Winston Churchill, voted for a European army—and fast. U. S. strategic planners support that wholeheartedly.

It's not just a question of putting 40 divisions in the field by 1952.

What's wanted is an improvised defense system right now—to boost Western Europe's sagging morale. "There is not a day to be lost," said Churchill.

U. S. unpreparedness for the Korean war gave Europeans a bad jolt. They are not sure U. S. atomic superiority is enough to deter the Kremlin.

Even a skeleton international force of several hundred thousand men, organized posthaste, might restore confidence—whether or not it had completely modern weapons.

A European army would give non-Communists something tangible with which to resist increased Soviet pressure tactics.

Government people on the continent are afraid that Communist ultimatums, blackmail, and—at the same time—offers of friendship might result in a popular stampede for West European "neutrality"—for pulling out of the cold war.

The neutrality crisis may come as early as October—probably in Germany.

East Germans will be getting ready then for their "election." Odds are that a Soviet-East German peace treaty will be signed. All that will build up terrific propaganda pressure over in West Germany (BW-Jul.29'50,p75).

An economic peace offensive throughout Europe may be in the cards, too. Businessmen will be offered tempting commercial agreements from behind the Iron Curtain.

Already, the Soviets have quit bearing down on Iran, have sent officials to Teheran armed with juicy trade proposals.

West German manpower is likely to be enlisted in European defense forces before long.

U. S. Army leaders have long urged use of German units. Up until now, State Dept. has shied away from the idea for fear of reviving German militarism, of provoking Russian attack. But a glance at Europe's skinny defenses makes Germany seem less of a threat.

As for provoking the Russians: "Believe me," says Churchill, "the long-calculated designs of the Soviet Government will not be timed or deflected by events of this order."

Washington knows you can't divert too many men from European factories to the army without hamstringing economic recovery. This makes Germany's manpower reserves look all the more inviting.

There may be a decision when the Big Three Foreign Ministers get together in New York next month.

At Lake Success and at Peiping, India is trying to stave off war in the Far East.

At Lake Success, India's U. N. delegate, Sir Benegal Rau, suggested that a subcommittee composed of the six nonpermanent members of the Security

# INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK  
AUGUST 19, 1950

Council try to work out a Korean settlement. The big boys—Britain, Russia, France, Nationalist China, and the U. S.—wouldn't be invited.

First fruit of Australian Prime Minister Menzies' U. S. visit will be a \$100-million World Bank loan.

The loan ought to be coming up in a few weeks. It's unusual for two reasons: (1) Menzies sold the bank on the idea during his whirlwind visit to Washington; (2) it's the first World Bank credit to help a member government boost immigration.

Australia will use the money to buy housing, transport, agricultural equipment needed to keep up an annual flow of 200,000 immigrants.

Menzies built his case for the loan on Australia's need for more European immigrants—especially Italians. The bank thought relieving overpopulation in West Europe a good investment.

Spain won't have an easy time getting its \$100-million loan from the U. S.—even if it does pass Congress and the President.

Administration officials point out that the legislation "authorizes and directs" the Export-Import Bank to make a loan "not in excess of \$100-million." Thus the bank could allow less and still follow Congress' intent—technically.

Further, the bank could parcel out the money in tiny instalments, making sure Franco puts through some of the economic reforms long suggested by the U. S.

In Peiping, India's representatives are working overtime to hamper Moscow's plans for Red China. Nehru's fondest hope is to split Mao Tse-tung and the Kremlin.

Reports from Hong Kong indicate Molotov is having a hard time convincing Mao that now is the time to act—in Formosa, Indo-China, and perhaps Hong Kong.

Mao isn't enthusiastic about getting into simultaneous wars with the U. S., France, and Britain. It's said he's asking for another year to get ready—and a lot more Soviet economic help.

London is worried sick about the possibility of a clash between the U. S. and Communist China.

Experts there figure that British—and European—public opinion wouldn't recognize a Formosa invasion as a clear case of Red aggression.

Various formulas are being presented to U. S. officials in Britain for removing Chiang Kai-shek from the Formosan scene, declaring the island a ward of the U. N. Later, a Japanese peace treaty could settle ownership once and for all.

Economist Eugene Varga, the man who doesn't think the U. S. will have a depression, has turned up in one of communism's top jobs.

It wasn't so long ago that Varga was in the Kremlin doghouse for refusing to follow the official line on a U. S. slump. Then Pravda published a Varga article; that proved Varga rated again (BW-Jun.17'50,p127).

Now, in Budapest, Varga is Stalin's economic coordinator for eastern Europe. And bigger things are on the way: He's supposed to be readying a master plan for all Europe, once the continent is "liberated."

# BUSINESS ABROAD



**JAPAN:** A candy mixer, made by Seikaido & Co., Osaka, sells for \$190, f.o.b. Yokohama. It will take four weeks to get one delivered in the U.S.



**ENGLAND:** Huwood Components, Ltd., makes this mixer for home and small restaurant use. Complete unit will cost you \$125 delivered.



**ITALY:** Vacuum caramel cooker and mixer costs \$2,500 in the U.S. Delivery takes from one to three months. Carle & Montanari, Milan, makes it.



**GERMANY:** Klockner-Humboldt-Deutz, of Cologne, makes this two-cylinder, 25-hp., air-cooled diesel. It costs \$960, duty paid, in New York. Delivery takes about six weeks.



**INDIA:** Indian Jute Mills Assn. answers questions about burlap (woven jute). Bickering between India and Pakistan (biggest jute producer) has cut supplies for the U.S.

## Chicago Becomes World's Marketplace

Since the Middle Ages, when dusty-footed peddlers from all over Europe thronged into Leipzig, Paris, and Brussels to display their wares, the trade fair has been a major instrument of world commerce.

• **U.S. Grandchild**—The First United States International Trade Fair, Inc., which opened in Chicago last week is a lineal descendant of the European original. During a 14-day run, the Chicago fair will play host to dealers

from 47 countries. There are 2,000 foreign and 500 U.S. concerns showing everything from prefab houses to suspenders, from emeralds to ice-making equipment. During the first week, some 13,000 buyers from businesses all over the U.S., plus hordes of window-shopping Chicagoans, trekked through the huge Navy Pier to see the consumer goods (about two-thirds of the total floor space) and the International Amphitheater for industrial products.

Though the number of registered buyers hasn't quite been up to expectations, fair officials are tickled pink by the response of the nonbuying consumers. The fair was open to the general public only two evenings and on Saturday and Sunday during its first week, but 150,000 persons showed up.

Total sales to buyers may run as much as \$10-million.

• **"House Sold Out"**—British exhibitors reported sales of \$2-million in the first

## GERLINGER LIFT TRUCKS



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## DOMINICAN REPUBLIC:

Government information bureaus, travel agencies, steamship companies, airlines have set up shop in Chicago, too. Here, the Dominican Republic plumps tourism.



KOREA: Even embattled Korea managed to get in on the show. Northwest Airlines flew in several cases of native handiwork just before the fall of Seoul.



YUGOSLAVIA: Yugoslavs have been going great guns with their metals and lumber. Here store buyers look over basketry.

ance policy, should a user slip on a newly polished floor.

Whether their sales skyrocket immediately or not, foreign manufacturers are gaining invaluable experience in sizing up U.S. tastes—in both industrial and consumer items. Many exhibitors have never before had a chance to try out the U.S. market—or, at best, to get beyond New York in their sales efforts. Now they're discovering the Midwest—and many are setting up dealerships there.

• **Return Engagement**—Already, the Trade Fair—a nonprofit corporation of Chicago businessmen—has its sights set on a return engagement in 1951. It has even gone so far as to set a date: Sept. 10-23.



## Here's a hunch from the Hospitals about Stainless Steel

ONE thing you're sure to notice, if you cast an observant eye around almost any hospital: the place shines with stainless steel equipment from basement to roof . . . in main and diet kitchens, ward kitchens, dressing stations, operating and delivery rooms—everywhere.

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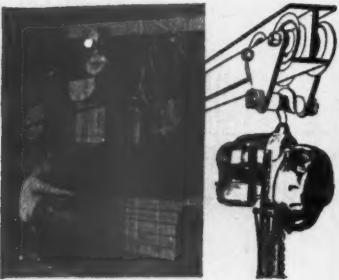
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Next Class Section Appears in Aug. 26 Issue.



CARBON BLACK plant will save dollars for Britain, earn dollars for U.S.

## Pound-to-Dollar Guarantee

Cabot, Inc., opens British subsidiary, the first U.S. investment abroad approved for ECA convertibility guarantee. Earnings from \$2.4-million carbon black plant can be turned into dollars.

Godfrey L. Cabot, Inc., Boston manufacturer of carbon black, has just opened a brand-new plant in Britain. Cabot's plant is the first U.S. investment abroad to be covered under ECA's investment guarantee program (BW-Jun.1948,p117).

• **Dollar Saver**—Cabot's modern, "sootless" carbon black works is on the south bank of the Mersey River, upstream from Liverpool. As a starter, the British subsidiary—Cabot Carbon, Ltd.—will turn out 8,000 to 10,000 tons of carbon black each year—saving Britain about \$1-million a year.

Carbon black, a fluffy, sooty pigment, is essential for toughening rubber; for every 100 lb. of rubber made into tires, 25 lb. of carbon black is consumed. It is also used in making inks and paints. Until now, Britain has had to import 30,000 tons yearly—costing some \$11-million—in dollars from Britain's strained resources.

• **Dollar Insurer**—Cabot was the first U.S. company to get its application for an ECA guarantee approved—back in 1948 (BW-Oct.23'48,p119). Under the Foreign Assistance Act, ECA can assure a company of convertibility of foreign currency into dollars up to 175% of the total dollar investment. That way, U.S. investors are sure of changing a good part of their pound,

franc, or lira profits into dollars. And they can get their money back should they decide to sell out abroad, too.

ECA's initial approval covered \$850,000 that Cabot planned to sink into the British subsidiary. But since then, Cabot has upped the ante, and ECA has guaranteed convertibility of \$2,025,000. Cabot's total investment runs about \$2,400,000. Part of it was raised through sale of debentures in London, the rest in loans from British banks.

• **New Process**—The new plant is designed to produce carbon black by the furnace process—using liquid petroleum residues rather than the usual natural gas. Most of Cabot's U.S. plants work on the same principle. But there's one notable improvement over current U.S. practice: The plant has a tail-gas recovery installation that eliminates most of the smoke, yields more carbon black, and provides enough clean fuel to heat all the factory's buildings.

The plant was designed and built by Simon-Carves, Ltd., top British chemical engineers, in just a year's time. About 90% of the equipment and materials came from British manufacturers; the remaining 10% from U.S. suppliers. The plant is almost wholly automatic; it needs only 60 men to run it. Another feature is a system of locker rooms and bathing facilities to wash

off the soot. The workers can go home in their street clothes, while work uniforms are washed at the plant.

The use of liquid petroleum residue as a raw material made the Mersey River spot a natural location. The residues are brought by tanker from refineries on the Gulf of Mexico up the Manchester ship canal, within a mile of the plant, then are delivered by pipeline. Before long, Cabot hopes to be drawing on British refineries: The new Shell works at Stanlow, and the Manchester Oil Refinery project, are both close by. That's sure to save the British Treasury even more dollars.

• **23 Guaranteed**—Since the Marshall Plan got rolling, ECA has O.K.'d a total of 23 applications for industrial guarantees, authorizing U.S. companies to convert up to \$22,276,565. The most recent one came last week when drug-manufacturer Parke, Davis & Co. was guaranteed conversion privileges up to \$783,000. The company is adding a chloromycetin plant to its London facilities.

## Dollars Migrate South To Peaceful Mexico

War worries in Europe and the U.S. are sending dollars scurrying off to Mexico. It's been estimated that since Korea, about \$30-million have crossed the border looking for greener—and safer—fields.

Mexican banking circles say the money is coming from three sources:

(1) European owners of dollar balances in the U.S., who have a weather eye cocked toward mobilization, are transferring their holdings to Mexican pesos. That way, they figure, the money will be safe from U.S. restrictions that may come on the heels of the Korean war—or a possible world war.

(2) Mexicans—who bought dollars when it looked as if the peso would be devalued—are switching back to pesos.

(3) U.S. importers are buying up pesos, sure that mobilization means heavy purchases of Mexican raw materials.

• **Revaluation**—All this has brought talk in Mexico City that the peso may be revalued. Increasing dollar reserves might allow the Mexican Treasury to boost the peso from 8.65=\$1 to 8.40=\$1. But such a move probably won't be coming until Mexico can overcome its unfavorable foreign trade balance.

What's more than likely to straighten out the trade balance is Mexico's bumper crop of tourists. Between January and July, 175,909 U.S. tourists visited Mexico—31,000 more than in any previous six-month period. Mexicans are counting on the visitors to spend close to \$200-million by the year's end.



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## GM Up North

**GM opens new Ontario diesel plant, plans three other major Canadian additions—one to build Buicks.**

Canadian operations of General Motors are in for a big boost in the next year. GM has already begun a program that will increase employment of its Ontario plants by more than 25%, adding a total of 4,000 to 5,000 new workers.

The program got under way last week with the formal opening of the new GM diesel plant at London, Ont. The 200,000-sq.-ft. factory will employ 1,000 people to turn out one diesel locomotive a day.

• **Big News**—But the biggest news at the plant opening was the announcement by GM top brass of a whole series of Canadian expansion moves. Here's roughly what GM has in the works for Ontario:

(1) A 500,000-sq.-ft. plant to be built near Toronto by Frigidaire Products of Canada, Ltd. Frigidaire now operates a plant at Leaside, Ont.

(2) Six new buildings, some already begun, at GM's auto plant at Oshawa. The company hopes to have these buildings finished in time to start 1951 Buick production before the end of the year. This will be the first time since 1939 that Buicks have been built in Canada.

(3) A new plant of 135,000 sq. ft. for McKinnon Industries, Ltd., St. Catharines. These facilities will increase McKinnon's output of parts and accessories by about 30%. Further along on the schedule is a plan to produce an automatic transmission at McKinnon—to be ready in time for 1952 models.

• **Better Than U.S.**—General Motors figures its Canadian passenger-car sales next year should be at least as good as this year, maybe 10% better. Even in the U.S., the outlook isn't this good; GM expects 1951 sales to be somewhere between this year's level and 10% lower. Buick production in Canada alone will run at a 100-a-day clip. And besides the 1951 Buick, a new Olds' body will be produced in Canada for next year's models.

GM is looking for big things from its diesel locomotive operations at London, Ont. It already has an order backlog equal to a year's output. The company estimates that it can dieselize the entire railroad industry in Canada during the next 12 years, at a cost of approximately \$500-million. GM figures it will take that long before all of Canada's 4,200 steam locomotives are ready for replacement.

## BUSINESS ABROAD BRIEFS

Caterpillar Tractor Co. has set up a new wholly owned British subsidiary. The dollar shortage and "rising sales of spurious, foreign-made parts" are behind the move. The new company will stock authentic "Cat" parts, buy others from "selected British manufacturers" for distribution to dealers.

Caltex is in trouble with ECA. Marshall Plan officials want a cash refund of \$1,145,117 from the company. They say it charged too much for oil shipped from the Persian Gulf to China before the Communists took over.

A big uranium-ore treatment plant has gone up at the Buhova mines, near Sofia, Bulgaria. The mines are believed to be the only important source of uranium in the Balkans. The plant is designed for "partial treatment" only—that is reducing the ore's volume for shipping.

British iron and steel pipe—worth \$5.6-million—has been ordered by U.S. oil and natural gas companies. The manufacturer is Stewarts & Lloyds, Ltd.; the big buyer is Standard Oil Co. (N.J.).

A milk-processing boom is on in Australia. Carnation Co. is building a \$1-million plant; Borden has taken over two plants and is building a third. British and Swiss concerns have projects in the works, too.



### Curtain Raiser

Want to take a peek behind the Iron Curtain? Western Berlin's publicity men have just gotten out this brochure in a bid for the world tourist trade. They're plugging the fascinations and thrills of a visit to "The International City Behind the Iron Curtain." The young blonde on the cover—Miss Berlin—is garbed in flags of the West German Federal Republic and those of the four occupying powers.

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## Korea and the Dollar Gap

The Korean crisis created many new problems, but it is relegateing an old one—the dollar gap—to the background.

Since the war, our sales of goods and services to the rest of the world have far exceeded our purchases. The difference amounted to \$9.9-billion in 1947, \$5.1-billion in 1948, and \$5.0-billion in 1949. The gap was bridged each year by U. S. grants and loans and by drafts that foreign countries made on their gold and exchange reserves. But the gap persisted, a symptom of the unhealthy state of international trade.

To American businessmen, the dollar gap meant import and exchange restrictions imposed by foreign countries. So long as the dollar earnings of these countries ran short, there was little possibility of even relatively free world trade or of unrestricted dividend payments from American investments abroad. The long-term international economic programs of our government—the Marshall Plan, Point 4, tariff reduction—have all been aimed at developing the capacity of foreign nations, particularly the European nations and their overseas areas, to earn dollars by selling in the Western Hemisphere.

Now the dollar gap is shrinking. It was under deep-sea pressure before the shooting started in Korea. In the first half of 1950, the deficit was down to an annual rate of only \$1½-billion. The trade deficit of the sterling area countries, including Britain, declined to an annual rate of about \$70-million in the first quarter of this year, only a third of that for the same period the year before. Recovery of production in Marshall Plan countries, further cutting down on their purchases from us, and heavy U. S. imports to feed our booming economy have led to this remarkable result.

Imports are now being pushed higher by the military emergency. Increased shipments of metals for the stockpile, steel scrap, rubber, wool, coffee, and sugar will boost dollar sales. Meanwhile, American shipments abroad will be restricted by the need to channel production into the defense program. Pressure to close the dollar gap will grow, though individual countries will benefit unevenly.

### Permanent Channels or Temporary

Does this mean that international trade is really on a sound footing again? Or is the dollar gap bound to reappear when the military emergency ends and more normal world trading relations are resumed?

Much depends on how we handle our international economic relations now. We can make the mistake of letting mobilization help destroy the world trade pattern, as it did in World War II. Or we can try to keep trade moving in channels that will still be useful when the crisis is over.

World War II disrupted international trade in a way

that helped bring about the dollar gap. European production was concentrated on armaments and on tools to make armaments. Many plants there were destroyed during the war. When the fighting was over, American industries, which had not been so severely restricted, took over former European markets in South America and the Orient. This was true in textiles, automobiles, and other consumer goods, as well as in electrical equipment and industrial machinery. Since many of these "third market" countries had been dollar surplus areas, they were a big source of dollars for Europe.

American industries also developed capacity for making products formerly bought abroad. This too made it harder to sell for dollars in the postwar world.

The result: a yawning dollar gap, trade restrictions, and billions in American aid to get European economies started again.

### Avoid World War II's Mistakes

There are several things we can do to minimize the upset to international trade during the present half war.

(1) Inssofar as possible, production of military materiel, such as aircraft, or woolen army uniforms, should be concentrated here, allowing European industry to produce a normal volume of civilian goods for export. The Military Assistance Program will cover arms for Europe made here.

(2) Military orders placed in Europe should be for products in which Europe now has idle capacity, such as steel. Orders should also be placed in "third market" countries which can use the resulting dollars to buy consumer goods from Europe.

(3) As our defense program mounts, we should buy as much of our raw material needs overseas as we can, thus encouraging the growth of foreign suppliers. We should do what we can to build up raw material output abroad through the Point 4 program.

The last point is probably the most important. Europe can bridge part of the dollar gap by increased sales of manufactures in "third markets." But in the post-crisis years, it will also be necessary to sustain a high level of raw material shipments—both from South America and from Europe's Asiatic and African dependencies—to the United States. Otherwise, the dollar gap will reopen. The Point 4 program can help by developing new low-cost raw material sources abroad.

These are parts of a new international economic policy for this country. Recommendations for such a policy may be expected soon from the Gray Committee, originally appointed by the President to report on measures for bridging the dollar gap after ECA ends in 1952. A key problem that the Gray Committee should report on is the proper role of the last phase of the Marshall Plan now that factors other than ECA grants are so successfully reducing the dollar gap.

# SUPER-SONIC BLAST...

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## The steel that won by not scoring

FOR gleaming good looks, the body trim and window dividers in your car are often made of stainless steel, formed by rollers like those below. But keeping the shiny strips from getting marred during manufacture used to be a problem.

The steel rollers which shaped the strips became scratched and scored from wear. And they in turn scratched the strips going through. The manufacturer had to polish the rolls repeatedly to keep them smooth.

Searching for a better steel from which to make his rollers—one which would give greater resistance to wear and scoring—the manufacturer tried many different steels,

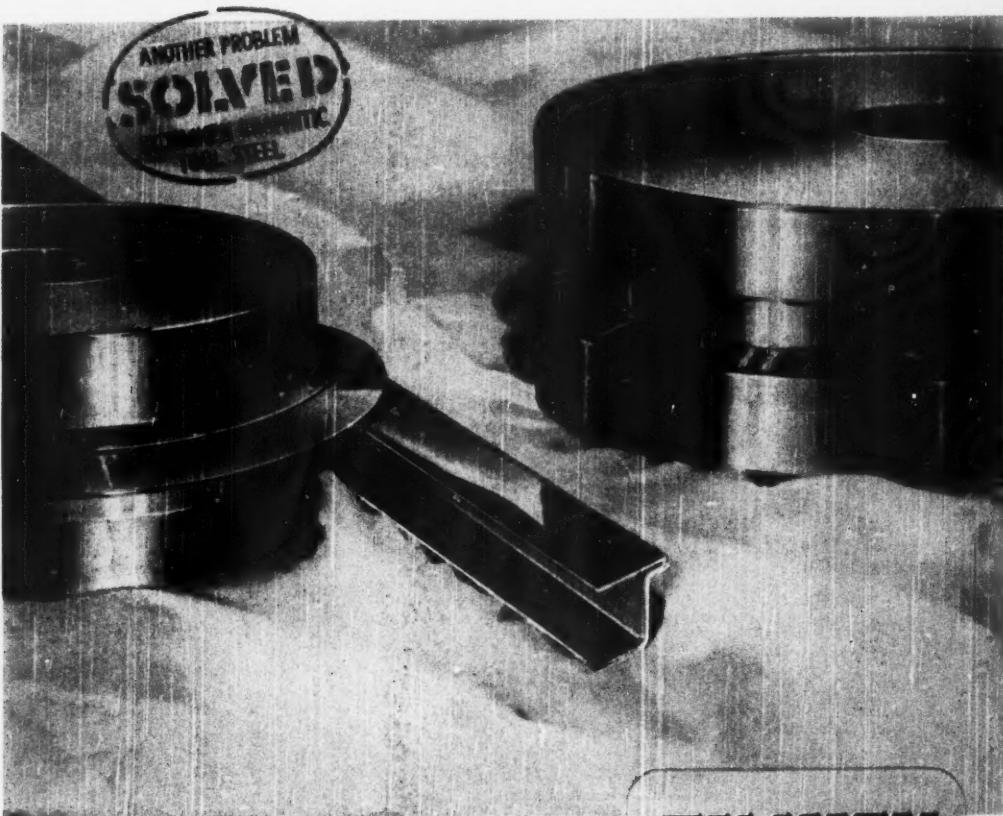
even including very expensive high carbon, high chrome tool steel. But they all scored too quickly.

Then he brought his problem to Timken. Metallurgists of the Timken Company made an on-the-job study and recommended that the rollers be made of Graph-Mo—one of four Timken graphitic tool steels. Because of the free graphite in its structure, Graph-Mo could be easily and accurately machined into rollers. And due to the presence of diamond-hard carbide particles, Graph-Mo would stubbornly resist wear.

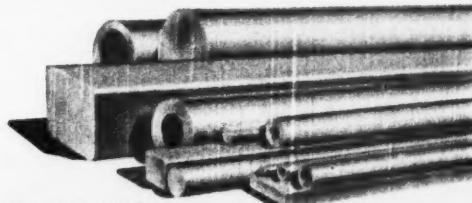
Tested against the steels previously tried, Graph-Mo proved to be the winner. It went

longer without scoring than any of the other steels—twice as long as the chrome steel; four times as long as regular oil-hardenning tool steels. The manufacturer saved polishing time—got better-looking strips.

Many problems like this have been "Solved" by Timken Graphitic Tool Steel" because Timken's background of experience in steel is unequalled anywhere. For help with your steel problem, write The Timken Roller Bearing Company, Steel and Tube Division, Canton 6, Ohio. Cable address: "TIMROSCO". Tapered Roller Bearings, Alloy Steels and Seamless Tubing, Removable Rock Bits.



YEARS AHEAD — THROUGH EXPERIENCE AND RESEARCH



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